
Measuring Stability and Security in Iraq

**June 2009
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Executive Summary

This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252.¹ This report is also submitted pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417. The report includes specific performance indicators and measures of progress toward political, economic, and security stability in Iraq, as directed by legislation. This is the sixteenth report in this series of quarterly reports. The most recent report was submitted in March 2009. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its Coalition partners, or Iraq.

The United States seeks an Iraq that is sovereign, stable, and self-reliant; an Iraq with a just, representative, and accountable government; neither a safe haven for, nor sponsor of, terrorism; integrated into the global economy; and a long-term partner contributing to regional peace and security. The United States is pursuing these goals along political, security, economic, diplomatic, and rule of law lines of operation. This report indicates progress along these lines from March through May 2009 and highlights the challenges in achieving both Coalition and Iraqi objectives.²

The ongoing implementation of the Security Agreement (SA) and Strategic Framework Agreement (SFA) lays the foundation for a long-term bilateral relationship between the United States and Iraq based on shared interests. In accordance with these historic agreements, U.S. and Iraqi officials are working within a framework of joint engagements to enhance stability, promote reconstruction, improve governmental transparency, advance regional relationships, and lay the foundation for a diversified, growing economy. Although much progress has been made to date, much work remains to fully implement the SA and SFA. Integral to these agreements, and in accordance with U.S. policy, is the plan being executed for the responsible drawdown of U.S. forces in Iraq.

On February 27, 2009, the President of the United States announced a plan to commence a phased drawdown of U.S. forces from Iraq with

a change of mission to occur by August 31, 2010. Additionally, the Multi-National Forces-Iraq (MNF-I) Commander has judged that the Iraqi Security Forces (ISF) are ready to accept responsibility for the security of Iraq's cities by June 30, 2009, as stipulated by the SA. By August 2010, U.S. forces will have completed the transition from a combat and counterinsurgency (COIN) mission to primarily stability tasks that focus on training and assisting the ISF, providing force protection for U.S. military and civilian personnel and facilities, assisting targeted counter-terrorism operations, and supporting civilian agencies and international organizations in their capacity-building efforts. Further drawdowns will occur in accordance with the President's guidance to redeploy all U.S. troops by December 31, 2011. The pace of the drawdown will take into consideration Iraq's improved, yet fragile, security gains and provide U.S. commanders sufficient flexibility to assist the Iraqis with emerging challenges. As U.S. forces are responsibly redeployed, the United States will continue to pursue other aspects of its strategy, including sustained political engagement and regional diplomacy to support a peaceful and prosperous Iraq.

Iraq's Independent High Electoral Commission officially certified the 2009 provincial elections on March 29, 2009. Newly-elected councils conducted initial meetings and selected high-level officials prior to the deadlines established in the Provincial Elections Law. The peaceful seating of provincial councils and the growing

reliance on a representative political framework to resolve tensions are positive developments; however, sectarian tensions over complex issues persist, and national reconciliation and accommodation continue to be hindered by disagreements over power and resource sharing and distrust between partisan national leaders and the ethno-sectarian communities they represent. Although drivers of potential instability remain, to date, Iraq has not regressed into the sectarian violence seen in past years.

Arab-Kurd tensions remain a concern. The positions of key leaders have hardened, fueled by ongoing disputes over regional and national power sharing, the resolution of disputed internal boundaries and the status of Kirkuk, hydrocarbon revenue sharing, a national census, property rights, and the presence of Kurdish forces in disputed areas. With the transfer of political power in Ninewa from the Kurds to the pro-Sunni Al-Haadba Gathering, tensions have increased, and calls for the removal of the Kurdish Peshmerga from the Ninewa Governor could further destabilize the region, possibly leading to a standoff between Iraqi Army (IA) units and Peshmerga forces, similar to the one that occurred in Khanaqin (Diyala Province) in September 2008. The movement of IA forces within the contested Tamim Province raises the risk of a confrontation, and frequent interactions between the IA and Peshmerga near disputed boundaries continue to have the potential to spark violence. To address these tensions, Government of Iraq (GoI) and Kurdistan Regional Government (KRG) leaders are discussing how to resolve outstanding issues. For example, key GoI and KRG leaders were briefed on a report released by the United Nations Assistance Mission for Iraq (UNAMI) on April 22, 2009, which outlined recommendations for the transitional status of oil-rich and highly-contested Kirkuk. Both sides have expressed some criticism of the UNAMI recommendations but have agreed to use the UNAMI report as a starting point for discussions. Nonetheless, it is not clear that the current political environment will allow all

sides to compromise or maintain a flexible enough stance to facilitate settlement of disputed internal boundaries.

Longstanding Sunni-Shi'a friction also remains over issues such as the continued lack of legislative progress in the efforts to achieve de-Ba'athification. This issue is an ongoing source of frustration for Sunni groups, who have accused the Shi'a-dominated government of appointing former Ba'athists deemed politically reliable, while denying positions to Sunnis who are eligible but not politically acceptable. Delays implementing the Amnesty Law and the Accountability and Justice Law add to this suspicion for some Sunnis. Additionally, some are wary of the level of the Shi'a political parties' relations with Iran and have doubts about the GoI's long-term commitment to the Sons of Iraq (SoI) transition program. Political reconciliation of Sunni groups is being delayed by unrealistic expectations and demands on both sides. Sunni groups demand increased pensions, amnesty, and advisory positions within the ISF for former Ba'athist military officers in return for a cease-fire, and the GoI demands a cease-fire and promises little to bring the Sunni groups into the political process.

The Coalition completed the transfer of the SoI program to GoI control, and as of May 30, 2009, 88,383 SoI in all provinces with a SoI program were under control of the GoI. However, concerns remain within the Sunni community over the continued arrests of SoI leaders and charges of late and non-payment of salaries. The CoR's movement of SoI funds from the Prime Minister's control to the MoI in the 2009 budget initially created confusion, though the Ministry of Finance quickly rectified technical issues that arose from the transfer. The GoI's long-term goal remains the transition of 20% of the SoI into the ISF and the reintegration of the remaining 80% into public or private employment. However, to date, only approximately 6,300 SoI have transitioned since the GoI commitment in October 2008, of which approximately 1,700

transitioned into non-security sector jobs. The rate of GoI integration of SoI into the ISF or into civil employment is not on pace to meet the stated goals prior to MNF-I's change of mission in August 2010. The slow pace of integration has the potential to undermine Sunni confidence in the GoI, and, if not corrected, could undermine security progress. Despite a recent increase in high-profile attacks (HPA), security incidents remain consistent with levels experienced in mid-2003. Insurgent-initiated attacks against Coalition forces, ISF, and civilians increased from an average of 12 per day during the previous quarter to 13 per day during this reporting period; civilian deaths increased slightly from 57 per week during the previous quarter to 65 per week this reporting period, primarily due to the increase in HPAs. Despite these increases, overall violence remains at the lowest level in six years, and a sense of normalcy is slowly returning to everyday life in much of the country. Citizens are increasingly focused on economic issues and the delivery of essential services, and the environment is slowly becoming more favorable to economic and infrastructure development. Factors contributing to improved security include effective Coalition and Iraqi counter-terrorism operations, the increasing capabilities of the ISF, and the rejection of violence and extremism by the Iraqi people. However, insurgents retain the capacity to conduct HPAs, even a small number of which can greatly increase civilian deaths and potentially destabilize the security situation. Additionally, insurgents continue to adapt their tactics against Coalition forces, as demonstrated by recent ambushes with RKG-3 anti-armor grenades. Coalition force convoys have sustained a number of deaths and injuries due to the increased use of this weapon by extremists.

Coalition and ISF operations continue to impede the freedom of movement and resupply capabilities of al Qaeda in Iraq (AQI) and other insurgents and militants. Extensive COIN operations in Mosul and Diyala continue to

pressure insurgent networks and clear areas that had been insurgent strongholds. Although generally degraded or restricted in operating capacity, AQI and various Sunni resistance groups, particularly Jaysh Rijal al-Tariq al-Naqshabandi (JRN), continue to cause concern. Despite significant leadership losses and a diminished presence in most population centers, AQI continues to conduct periodic, targeted HPAs and continues to focus its rhetoric and attacks against the GoI, ISF, and Shi'a civilians in an attempt to rekindle more widespread sectarian violence and undermine the GoI as Coalition forces prepare to draw down.

Iran continues to pose a significant challenge to Iraq's long-term stability and political independence and continues to host, train, fund, arm, and guide Shi'a militant groups, including Asa'ib Ahl-Haqq, Kata'ib Hizballah, and Muqtada al-Sadr's new militia, the Promised Day Brigade, that attack U.S. forces in Iraq. A number of these groups are posturing to exploit potential security vacuums as U.S. forces reposture outside of urban areas. Iranian behavior has persistently reflected a fundamental commitment to preventing the emergence of a threat to Iran from Iraqi territory, either from the GoI or from the United States. This fundamental objective is reflected in the Iranian Government's preference for a weak, Shi'a Islamist-dominated government that is aligned with Iranian interests and that does not pose a threat to Iran's position in the region. Tehran remains opposed to a long-term partnership between the GoI and the United States.

The ISF is steadily improving its ability to provide security for the Iraqi people and extend security toward Iraq's borders. During this reporting period, the ISF continued to demonstrate growth and improved capabilities, and ISF leadership improved its ability to command and control large-scale unit operations. Iraqi forces are taking the lead in eliminating terrorist safe havens and reducing the flow of foreign fighters into Iraq. Recent tactical successes have demonstrated the ISF's steady

improvement in capability to combat extremists, and the increasing professionalism and effectiveness of the ISF continues to foster the trust, confidence, and support of the Iraqi populace. However, the ISF continues to rely heavily on the Coalition for logistics, fire support, close air support, communications, and planning assistance, as well as intelligence, surveillance, and reconnaissance (ISR) capabilities. The Ministries of Defense (MoD) and Interior (MoI) have prioritized efforts to expand logistic and combat support capabilities. However, budget reductions resulting from declining oil revenue could significantly slow the pace of acquiring functional capabilities for Iraqi forces, which currently make heavy use of foreign military sales and direct contracts with other countries to satisfy their equipment needs. Budget shortfalls have also led the MoD to fill its requirement for support units by transferring personnel from existing combat units and restructuring some combat units as service support elements. Although this has produced a decrease in the manning levels and total numbers of ISF combat battalions, this drop has not negatively affected the security situation thus far. It does, however, affect the ability of units to become self sufficient and fully COIN capable, especially jeopardizing modernization programs for the Iraqi Air Force and Navy, which are years away from self-sufficiency. Additionally, the hiring freeze is impacting the GoI's ability to grow the ISF.

The size of the U.S. and Coalition footprint in Iraq continues to decline. On March 31, 2009, the number of Multi-National Divisions in Iraq decreased from five to four. Since January 1, 2009, 34 U.S. military units have redeployed from Iraq without replacement. At present, UK, Australian, and Romanian personnel continue to fulfill non-combat missions in support of U.S. and Iraqi forces; in accordance with their previously negotiated agreements with the GoI, they will depart Iraqi territory no later than June 30, 2009. The UK was negotiating an agreement for the continued presence of approximately 400 UK military

personnel beyond July 31, 2009; however, the GoI only agreed to the continued presence of the UK's naval training and maritime mission. All other Coalition partners have successfully completed their missions in Iraq. The GoI continues to support a robust NATO presence through the NATO Training Mission-Iraq (NTM-I). The NATO Secretary General visited Baghdad on April 8-9, 2009, to sign a Memorandum of Understanding (MOU) governing the future of NATO forces in Iraq through July 31, 2009. Negotiations continue regarding a long-term agreement extending the presence of NATO forces, potentially through 2011.

Although the Iraqi economy averaged 6% annual economic growth over the past three years, this growth was driven by large increases in oil export earnings and government spending. Achievement of high growth projections depend on further increases in oil production and private sector activity. In response to lower oil prices, Iraq's 2009 budget set spending 25% below the original proposal. Absent a rise in oil prices, Iraq will need to use most of its available fiscal reserves in 2009 to fund its projected \$15.9 billion deficit. Low oil prices and stagnant oil production will place significant fiscal strains on the Iraqi economy and budget both this year and in 2010. Although crude oil production and exports increased in 2008, technical issues caused a slowdown in production in the South, a trend which may continue throughout 2009. During this reporting period, production and exports have been stable, but below 2009 targets. Through the first quarter of 2009, Iraq is already 35% below its 2009 revenue target due to export volume and price deficiencies. However, Iraq's oil industry has shown continued progress in increasing the internal production and distribution of refined products.

In March 2009, core inflation was 8.3%. In response to the lower core inflation rate, the Central Bank of Iraq lowered its policy rate to 9% in April 2009. Appreciation of the dinar through 2008 stabilized inflation at a

historically low level, improving Iraqi purchasing power for basic needs and setting conditions for private-sector growth. Additionally, the GoI continues to show improvement managing its budget. The CoR passed the 2009 budget on March 5, 2009, and it was published in the Official Gazette on April 13, 2009. The baseline budget of \$58.6 billion represents a 17% increase over the 2008 baseline budget of \$49.9 billion. The budget includes \$45.9 billion in operating expenditures and \$12.7 billion for investment spending, of which \$2.1 billion is for provincial capital expenditures. The budget also allocates \$9.6 billion for security expenditures.

The provision of essential services continues to improve, though incrementally. Electrical generation for March 2009 was 25% higher than production during the same period last year. Although electricity supply for many Iraqis is still intermittent and unpredictable, the gap between demand and supply has narrowed. Poor water treatment plant operations, maintenance, and sustainment continue to slow efforts to provide potable water to the Iraqi population; however, progress continues, as nearly 69% of Iraqis report being able to get safe and clean drinking water at least some of the time.

Iraq continues to develop and strengthen ties with other countries in the region. Arab countries with a diplomatic presence in Iraq now include Bahrain, Jordan, Kuwait, Lebanon, Syria, and the United Arab Emirates (UAE). Additionally, on June 16, 2009, Egypt named its first ambassador to Baghdad since 2005 and intends to reopen its embassy. Saudi Arabia, Qatar, and Oman have also stated their intentions to reopen embassies in Iraq and continue to have each of their appointed ambassadors visit Baghdad, making their own logistical and security arrangements as part of the process of establishing their embassies. In addition, Sweden has announced intentions to reopen its embassy in Baghdad. Although the GoI has taken steps to match the efforts of its neighbors to strengthen diplomatic relations, a number of key Iraqi ambassadorships remain

vacant and subject to internal GoI disagreement, including those for Egypt, the UAE, and Kuwait. Tehran also continues to invest heavily to gain and sustain political and economic influence in Iraq. The recent visit by former President Hashemi Rafsanjani emphasizes the importance Tehran places on relations with Iraq. Additionally, Iranian Parliament Speaker Ali Larijani visited Iraq and met with several senior leaders. The GoI continues to carefully weigh internal and external pressures as it considers how to develop a constructive relationship with Iran.

Iraq's criminal justice system faces serious challenges. Judicial security is progressing, but a lack of resources and continuing threats of violence impede Iraq's implementation of a comprehensive judicial security plan. Judicial intimidation and limited judicial capacity have led to an overwhelming backlog of pre-trial cases and unfair criminal justice procedures in many parts of Iraq. To reduce judicial intimidation and accelerate case reviews, the Higher Judicial Council has hired additional guards to increase protection for individual judges. Despite delays in ministerial approval and funding of the judicial security plan, interim implementation efforts continue. The Coalition continues to assist securing courthouses and protecting judges and their families by locating judges in secure complexes throughout Iraq. Judges living in the first Rule of Law Complex (RoLC) in Rusafa are enthusiastic about this arrangement, and the Chief Justice supports the program; however, overall progress remains mixed. Although the newest RoLC in Ramadi is scheduled to open in June 2009, two critical new projects in Mosul and Baqubah are stalled with no progress since November 2008, as both projects still require a funding commitment from the GoI.

In summary, political, security, economic, diplomatic, and rule of law trends in Iraq remain generally positive, but significant challenges remain. In accordance with the SA, the ISF have assumed security responsibility for Iraq and continue to improve operational

and tactical capabilities but still rely on U.S. combat support enablers. The ongoing implementation of the SFA and SA this reporting period witnessed significant steps toward the development of a U.S.-Iraq strategic partnership, setting the stage for long-term cooperative efforts as Iraq continues to develop as a stable partner in the region. At the same time, continued reductions in overall violence have provided Iraqis an environment in which political and economic development can occur, and the tentative resumption of foreign investment in some sectors was an indicator of progress.

However, in spite of the continued progress, these gains remain uneven throughout the country, and additional progress is required to produce sustainable stability. Iraq remains fragile, primarily because the underlying sources of instability have yet to be resolved,

and the security progress in some areas remains reversible. The nation's major power brokers do not share a unified national vision; they disagree on the balance of power between national, provincial, and local authorities, and they are reluctant to impartially and equitably allocate resources. Resolving these issues will require Iraq's political blocs to build coalitions that reach across ethno-sectarian lines. Improved security has allowed the political process to begin to work, but many of the key power brokers remain reluctant to move toward compromise. The seating of 14 provincial councils, without a surge in violence, is a positive sign, but these councils and the GoI face significant challenges. To ensure long-term stability, the GoI must continue to build its legitimacy through the provision of basic services and improved security for the Iraqi people, as well as the continued resolution of political, ethnic, and sectarian divisions.

Section 1—Stability and Security

1.1 Political Stability

Iraq continued to make political progress this reporting period. Despite the delay while the Iraq Independent High Electoral Commission (IHEC) certified election results, the newly elected provincial councils were seated on time in all 14 provinces that participated in the January 2009 provincial elections. During the period between the elections and the seating of the new provincial councils, political parties and politicians engaged in coalition-building negotiations and bargaining for key provincial posts, such as provincial governorships and provincial council chairmanships. At the national level, following its passage of the 2009 budget on March 5, 2009, the Council of Representatives (CoR) entered into recess. Upon returning from recess, the CoR elected Ayad al-Samarrai'e of the Iraqi Islamic Party and Tawafuq Coalition as its new Speaker with 153 votes on April 19, 2009. He announced an agenda aimed at strengthening the institutional and oversight capacity of the CoR.

Significant tension between the executive and legislative branches of the GoI continues to hinder political progress and national reconciliation initiatives. Tensions between the CoR and the Prime Minister's Office increased during negotiations regarding the 2009 budget, which ultimately transferred significant budget authorities from the Prime Minister's direct control to certain Iraqi ministries. Distrust remains between the central government and various ethnic and sectarian groups due to perceived political targeting by security organizations directly responsible to the Prime Minister's Office, such as the Counter-Terrorism Bureau. Finally, tension remains between the central government and the Kurdistan Regional Government (KRG).

National Reconciliation

National reconciliation efforts continue to progress with increased participation in the political process by all political actors. Intra-

Shi'a tensions increased before provincial elections; however, all political parties pledged to abide by electoral results. Similarly, Sunni-Shi'a tensions persist over the SoI program and ongoing reconciliation initiatives. Sunni-Shi'a tensions also continue over accusations of Shi'a political parties' ties to Iran and perceived sectarian agendas. Political reconciliation of Sunni groups is also being delayed by unrealistic expectations and demands on both sides. Sunni groups demand increased pensions, amnesty, and advisory positions within the ISF for former Ba'athist military officers in return for a cease-fire, and the GoI demands a cease-fire and promises little to bring in the Sunni groups into the political process.

The transfer of responsibility for the Sons of Iraq (SoI) program from the Coalition to the Government of Iraq (GoI) continues, though misgivings remain in the Sunni community as a result of targeted arrests of SoI leaders and delayed payments. Difficulties in transferring the technical process and funding streams for SoI payments from the Prime Minister's Office to the Ministry of Interior, as mandated in the 2009 Budget Law, initially created some confusion in early 2009. However, the Ministry of Finance quickly addressed technical issues that arose from the difficulties in transferring funds. The GoI's stated goal remains to shift 20% of the SoI into the ISF and transition the remaining 80% into civil service or private-sector employment. The GoI and Coalition are jointly implementing a number of employment and training programs to support the GoI goal. However, progress on these commitments has been slow, contributing to Sunni suspicions of GoI commitments. To date, only approximately 6,300 SoI have transitioned since the GoI commitment in October 2008, of which approximately 1,700 transitioned into non-security sector jobs.

Arab-Kurd tensions over the status of Kirkuk, position of KRG security forces, and disputed internal boundaries remain high; these issues are intermittently being discussed between KRG and GoI officials, sometimes with U.S. mediation. These ethno-sectarian tensions have been further exacerbated through perceived corruption and sectarian behavior with Kurd, Shi'a, and Sunni politicians accusing Prime Minister Maliki of over-centralizing power under his authority and, in some cases, using extra-legal entities to bypass legal or constitutional restraints. Nonetheless, there has been no regression to date to the ethnic violence experienced in past years, and parties have demonstrated their commitment to resolving disputes through the political and legal systems.

Political Commitments

The 2009 Iraqi Budget Law was passed on March 5, 2009, signed into law on April 2, 2009, and published in the Official Gazette on April 13, 2009. The CoR cut budget allocations across the board by 5%. It transferred SoI funds from the Prime Minister's Office to the Ministry of Interior, forcing the GoI to scramble to meet SoI payment deadlines on time. In an achievement for balance of power in Iraq, the CoR also moved funds for several contentious programs under Prime Minister control into ministries that can be more closely monitored by the CoR.

The CoR recessed after passing the budget and resumed session on April 14, 2009. Prior to spring recess, in addition to passing the 2009 budget, the CoR also confirmed a new Minister of Justice. On April 16, 2009, the CoR-appointed Article 23 Committee, tasked to submit reports to the CoR on Tamim Province, submitted an update on its progress and was granted an extension to the deadline for its final reports. These reports could help pave the way for the CoR to pass a special elections law for Kirkuk. In 2009, the CoR's legislative priorities include passing hydrocarbons legislation, continuation of the Constitutional review, and passing legislation supporting national elections. The newly-elected CoR

speaker has also pledged to pursue an agenda that aims to strengthen the CoR's institutional and oversight capacity. These legislative priorities demonstrate some progress in the political system as Iraqis continue to resolve contentious issues through the legislative process and seek to develop a more capable and balanced central government.

Accountability and Justice Law (De-Ba'athification Reform Law)

Despite the January 2008 passage of the Accountability and Justice Law, the GoI has not begun implementation. The Council of Ministers (CoM) has yet to nominate the individuals to head the new De-Ba'athification Commission, leaving the original Coalition Provisional Authority-appointed commission in place but with no authority. Despite widespread agreement that the law requires amendments for effective and balanced implementation, neither the CoM nor the CoR has made any visible effort to introduce the necessary legislation. Absent legislative attention to this issue, some Sunni groups continue to accuse the Shi'a-dominated government of appointing former Ba'athists who are deemed politically reliable, while denying positions to those who are eligible but not politically acceptable. These accusations have, in turn, fueled general perceptions of favoritism and discrimination by the largely Shi'a-led central government.

Provincial Powers Law

The Law of Governorates not Organized into a Region (more commonly known as the Provincial Powers Law (PPL)), approved by the CoR in February 2008, took effect with the seating of new provincial councils. Implementation of the PPL will transfer additional authority from the central government to the provincial councils and governors, including approval of provincial budgets, the nomination and dismissal of senior provincial officials, authority over non-federal security forces, and a formal means to remove corrupt officials.

Provincial Elections

Iraq demonstrated commitment to democratic government and the rule of law during preparations for and administration of the January 2009 elections, as well as the post-provincial election complaint adjudication and certification processes. On March 25, 2009, the four judges on the Iraqi Electoral Judicial Panel completed their review of over 8,000 election-related complaints submitted after the election period. The IHEC's Board of Commissioners moved quickly to complete the election certification process by publishing the results in at least three daily papers for three days, in both Arabic and Kurdish, to comply with Iraqi election laws. The IHEC officially certified the 2009 provincial elections on March 29, 2009, which initiated the 15-day period permitted for the newly-elected councils to be seated and hold their first session and to select chairs and deputy chairs. Additionally, the new provincial councils are required to select governors within the first 30 days of the certification of the provincial elections. This deadline allowed the IHEC to synchronize the four-year terms of all 14 provincial councils in order to hold the next election on the same day in 2013.

Kurdistan Regional Government Elections

On March 25, 2009, the Iraqi Kurdistan Parliament adopted a number of amendments to the Regional Electoral Law. The amendments specify that the elections will be closed-list and allows for political parties or entities to form combined lists. The Kurdistan Democratic Party and Patriotic Union of Kurdistan will run on a unified list. At least 30% of candidates on a list must be women, lists must comprise at least three people, and 11 of the 111 parliamentary seats will be reserved for minorities. The amendment also lowers the age for eligible candidates to 25 years and allows for eligible KRG residents currently settled outside the region to vote. The IHEC will monitor and administer the GoI-funded KRG elections, which are tentatively set to be held on July 25, 2009.

2009 Iraqi Electoral Events

The much-anticipated national elections will be a pivotal event for the GoI and the Iraqi public. However, several key events must precede holding the elections, including passage or amending legislation supporting national elections by the CoR and updating the voter registration lists. Initial analysis of 2009 Iraqi electoral events tentatively scheduled indicates the CoR needs to pass election legislation to provide electoral funding and authorize setting a date to ensure elections occur before the end of January 2010. Additionally, the Iraqi National Census, tentatively scheduled to take place in October 2009, may use many of the people and resources required to conduct national elections.

Currently, Iraqi national elections are anticipated to be held no later than January 31, 2010, and Multi-National Forces – Iraq (MNF-I) is planning its draw down accordingly. It is expected that the IHEC will continue to require support from the United Nations Assistance Mission for Iraq (UNAMI), the U.S. Embassy in Baghdad, State-funded programs, and Coalition forces to meet the challenges presented by the 2009 electoral calendar. Continued support will help to ensure electoral events occur successfully in a manner reflective of the will of the Iraqi people.

Another potential electoral event could be the high-profile national referendum on the SA, passed in late 2008. The CoR passed a package of resolutions along with the SA, one of which called for a referendum on the SA by July 2009. No date has been formally set for this referendum, but it may occur coterminously with national elections.

Constitutional Review

The 29-member Constitutional Review Committee (CRC) is responsible for undertaking a constitutional review. The original deadline for completion of the CRC's work was March 2007; however, it did not issue its final report until August 2008. Even then, the CRC's final report left major

constitutional issues, including revenue distribution, federalism, and the status of Kirkuk, unresolved. The report did provide 60 recommended changes to the Constitution; however, there has been no movement on implementing them or reexamining the yet unresolved issues.

Disputed Internal Boundaries (Article 140)

There has been little progress on implementation of Article 140 of the Iraqi Constitution, which calls for normalization, a census, and a referendum on the status of disputed internal boundaries (DIB) in northern Iraq. Many stakeholders objected to UNAMI's first report, released in June 2008, which provided recommendations for four of the DIBs. The second and final UNAMI report, including four possible courses of action for the transition of Kirkuk, was briefed to key GoI and KRG leaders in mid-April 2009 with copies provided to the leaders on April 22, 2009. The key leaders, including Prime Minister Maliki, President Talibani, Vice Presidents Hashimi and Mehdi, and KRG President Barzani, were asked to provide comments on the UNAMI reports. Both sides have expressed some criticism of the UNAMI recommendations but have agreed to use the UNAMI report as a starting point for discussions. It is not yet clear that the current political environment will allow all sides to compromise or maintain a flexible enough stance to facilitate settlement of DIBs. The UNAMI DIBs report details the history, demographics, and security status in a way that may help determine the administrative status of these territories. It also recommends confidence-building measures for each district to improve the chance of long-term resolution of this issue. UNAMI also recommends that all parties pursue a follow-on political process, which will likely require persistent attention and encouragement from both UN and U.S. mediators to ensure progress in discussions toward resolution.

Article 23 Committee

The CoR Article 23 Committee was established in September 2008 by the Provincial Elections

Law and given a deadline of March 31, 2009, to produce power-sharing solutions and recommendations for holding elections in Kirkuk. However, the Committee did not begin its work in Kirkuk until March 8, 2009. In addition to the late start, the CoR Article 23 Committee initially encountered resistance from a locally-established Article 23 Committee, but both committees have worked through their initial friction and have begun to coordinate efforts. However, the committee missed its extended May 31, 2009, deadline to complete its recommendations.

A Package of Hydrocarbon Laws

The new CoR Speaker has made passage of the hydrocarbon legislation package a top legislative priority and has asked that the current proposed bills be re-introduced as a starting point for debate. However, negotiations between the GoI and the KRG continue to be stalled. Iraqi politicians have explored the issue through alternate dialogue mechanisms, but it is unlikely negotiations will result in a legislative breakthrough before the end of 2009. Fundamental differences remain over federal and regional authorities in contracting and management of the oil and gas sector. In the absence of unified hydrocarbon legislation, both the KRG and the GoI have separately pursued development contracts with international oil companies, although the GoI has stated that contracts signed by the KRG are illegal.

Government Reform

Ministerial Capacity Development

The GoI continues to develop capacity to govern at the national, provincial, and local levels. The U.S. Embassy supports Iraqi ministerial development through technical assistance to several ministries and Executive Offices with senior advisors and attachés. The U.S. Agency for International Development (USAID) assists with public administration and management capacity building, as well as governance support at the national, municipal, and provincial levels through the USAID *Tatweer* National Capacity Development

Program, the Community Action Program, and the Local Governance Program, respectively.

Tatweer helps Iraq's national ministries advance national policy and implementation on strategic planning, fiscal management, project management, personnel organization, leadership and communication, information technology, and anti-corruption. The largest public administration program in 30 years, *Tatweer* has approximately 200 advisors working across ten ministries plus the Prime Minister's office (including the Civil Service Committee and the Administrative Development Unit), Deputy Prime Minister's office (including the Office for Economic Affairs), the Office for Services and the International Zone Fiber-Optic Network, the Council of Ministers Secretariat, and the Presidency Council. Within the Oil Ministry, *Tatweer* is engaged with each of the related oil companies, and within the Planning Ministry, supports the National Center for Consultancy and Management Development, the Central Organization for Statistics and Information Technology (COSIT), the Al-Quds School for Technology, the Administrative Settlement Courts, the International Cooperation Department, and the Central Organization for Standardization and Quality Control.

To support legislative capacity building, beginning in fiscal year (FY) 2009, USAID launched a \$24 million program to support capacity building of priority CoR functions, including budgetary review, executive oversight, and internal management systems. The highlight of the program will be a parliamentary center to provide research and technical assistance support to CoR members and committees. The Embassy's Constitutional and Legislative Affairs (CLA) office has received permission from the CoR to work directly with members of parliament and their staffs and committees. CLA provides training to the CoR on drafting legislation, improving legislative procedures, and executing legislative oversight of the GoI's executive branch.

Provincial Reconstruction Teams

The Provincial Reconstruction Team (PRT) program is a key element in an integrated approach to developing an Iraq that is sovereign, stable, and self-reliant with a government that is just, representative, and accountable and that provides neither support nor safe haven to terrorists. During the past year, there has been an increased focus on provincial and local capacity-building efforts, with particular attention to budget execution and project implementation, as well as facilitating the transition of reconstruction funding from the U.S. Government to the GoI. Other PRT contributions include helping to improve Iraqis' understanding and mastery of democratic processes prior to the January 2009 provincial elections and promoting investment and business opportunities, micro-financing, and agricultural development. The PRTs also participated in the international observer mission for the provincial elections and will engage and provide technical assistance to the newly-elected officials.

There are currently 15 U.S.-led PRTs and one Italian PRT in Dhi Qar. As such, there is one PRT located in each provincial capital, except in northern Iraq, where the PRT in Irbil works with the three provinces of the KRG. Additionally, there are eight embedded PRTs (ePRT), which work alongside brigade combat teams and focus on local capacity building as part of counterinsurgency (COIN) operations. Six PRTs host UN staff members as part of an agreement between the U.S. Embassy and UNAMI. All ePRTs will be consolidated into their parent PRT by August 2010, at which time there will be 16 PRTs. The 16 PRTs will be reduced to six by December 2011.

Anti-Corruption Efforts

Corruption remains one of the largest challenges to the establishment of rule of law in Iraq. The GoI is strengthening the mechanisms—principally through the Commission on Integrity (CoI), Board of Supreme Audit, and Ministry Inspectors General—to audit and investigate corruption, but capacity and

ministry-level intervention remain problematic. The Iraqi Law on Criminal Proceedings, Article 136B, remains an obstacle to prosecuting public officials. Many investigative agencies refuse to move forward with a corruption investigation until a green light is first given by the ministry involved. As long as this article remains an option for GoI ministers to shield ministry officials from prosecution for their illegal actions, the CoI will not be able to effectively investigate corruption. The GoI is currently re-crafting last year's inadequate 18-point anti-corruption plan into a new national strategy. Iraq ratified the United Nations Convention Against Corruption last year, and the GoI's future anti-corruption national strategy is based primarily on bringing Iraq into compliance with this convention.

The GoI publicly launched an anti-bribery campaign in April 2009. The campaign focuses on public outreach, encouraging reporting, and legal reform. There are also four pending legislation items, as well as a new Omnibus Anti-Corruption Bill. Additionally, the seating of the new provincial governments offers an opportunity to increase transparency. The PPL requires each new assembly to publish a gazette. With each new local government required to publish its rules of procedure on what information must be published in the gazettes, it is hoped that local governments will require the publishing of contracting information and licensing fees to increase transparency and reduce bribery and graft.

Rule of Law and Criminal Justice Development

Iraq's criminal justice system faces serious challenges. Judicial security is progressing, but lack of resources and continuing threats of violence negatively affect the ability to implement a comprehensive countrywide strategic judicial security plan. Judicial intimidation in Iraq significantly hinders administration of the criminal justice system, impedes the rule of law, and has led to an overwhelming backlog of pre-trial cases—three years in some districts—and unfair criminal

justice procedures in many parts of the country. To reduce judicial intimidation and accelerate case reviews, the Higher Judicial Council (HJC) has hired additional guards to increase protection for individual judges. Despite delays in ministerial approval and funding of the judicial security plan, interim implementation efforts continue. Key highlights of the plan that are currently being implemented include assessment of judicial protection requirements by the Ministry of Interior (MoI), creation of a separate judicial security division within the MoI, and judges choosing their own security detail personnel. Most significantly, the plan sets forth two phases for judicial protection: phase one focuses on protecting judges traveling to work, and phase two focuses on residential protection. The interim measures have created a closer relationship between the HJC and the MoI, as indicated by the HJC recently sharing with the MoI a list of all its judges and the names of the security members detailed to each. In addition, the MoI has agreed to waive many of the administrative requirements preventing judges from receiving registered firearms.

The U.S. Marshal Service continues to provide handguns to judges and their security details and assist them in obtaining MoI weapons cards. In addition to protection officers, the Coalition assists with securing courthouses and protecting judges and their families by locating judges in secure complexes throughout Iraq. Judges living in the first Rule of Law Complex (RoLC) in Rusafa are enthusiastic about this arrangement, and Chief Justice Medhat supports the RoLC program. Unfortunately, progress with the RoLC remains mixed. The RoLC in Ramadi is scheduled to open this June. However, two critical new projects in Mosul and Baqubah are stalled with no progress since November 2008. Both projects still require a funding commitment from the GoI. Without those two complexes, judicial security issues continue to negatively impact judicial efficiency in these areas. Another initiative intended to overcome judicial intimidation is the traveling judge program.

Chief Justice Medhat continues to support travel for judges from Baghdad to local areas with significant case backlog. The Coalition continues to assist in transporting judges to Mosul in order to keep the courts functioning.

Courts hearing the most serious insurgent crimes are overwhelmed, particularly in Baghdad. Approximately 9,000 pre-trial detainees remain in Baghdad detention facilities awaiting trial despite the out processing of approximately 5,500 Rusafa detainees and their cases in the past 12 months. The courts' ability to process cases in a fair and timely manner is hampered by the sheer number of criminal cases, the lack of timely and complete investigations, insufficient detainee files, poor court administration, and judicial intimidation. However, the Central Criminal Court of Iraq offices located at Karkh and Rusafa are showing improvement in case processing time.

Iraqi detention conditions and judicial efficiency have plateaued in many parts of Iraq. Key challenges include a significant backlog of cases, an insufficient number of investigative judges, and the GoI's inadequate commitment to conduct detention facility assessments. Despite the overcrowded facilities, U.S. Government agencies have made progress in coordination and training. Multi-National Security Transition Command-Iraq (MNSTC-I) advisors continue to work with the human rights teams for the MoI and the Ministry of Defense (MoD) to build assessment capacity. Improving detention capacity continues to be a challenge. The Ministries of Justice (MoJ), Interior, Defense, and Labor and Social Affairs detention facilities currently hold more than 15,000 pre-trial detainees, and the overwhelming majority of these cases await investigation. Increasing the number of investigative judges would reduce the detainee population, but this will take time.

Of note, a new Minister of Justice was appointed in January 2009. While his predecessor rarely cooperated with U.S. efforts to

improve detention conditions or increase detention capacity, the current Minister of Justice appears to be supportive of efforts in this arena. Five new U.S.-funded prisons are scheduled to open over the next six months, increasing detention facility capacity by more than 1,989 beds, and bringing total capacity to 35,882 beds by August 2009. Although bed space is increasing, the GoI lacks the resources to hire the corresponding correction officers needed, which is what led to the inability of the MoJ to make the new 3,000-bed Chamchamal facility operational. The new facilities, when properly staffed, should help alleviate post-trial overcrowding by the end of August 2009, accommodate additional convicted detainee growth, and facilitate the closure of the GoI's most neglected facilities.

Amnesty Releases

As of April 2009, amnesty review committees have approved 131,644 amnesty petitions and denied 32,288. Despite the high number of approved petitions, only 7,946 individuals are confirmed as released from detention facilities since the beginning of January 2009 pursuant to amnesty release orders. The total number of petitions is much higher than the number of individuals in detention because some individuals have multiple convictions or investigations initiated against them, with each one getting a separate amnesty consideration. Also, thousands of amnesty applications are for those who have been charged for crimes but have not been detained or brought to trial.

International Issues

Arab Neighbors and Diplomatic Engagements

Iraq continues to develop and strengthen bilateral ties with other countries in the region. On February 26, 2009, Kuwaiti Foreign Minister al-Sabah visited Baghdad, the first high-level Kuwaiti official to do so since 1990. From March 24-25, 2009, Turkish President Gul visited Baghdad, the first Turkish head of state to do since 1976. Arab countries with a diplomatic presence in Iraq now include Bahrain, Jordan, Kuwait, Lebanon, Syria, and the United Arab Emirates (UAE).

Additionally, on June 16, 2009, Egypt named its first ambassador to Baghdad since 2005 and intends to reopen its embassy. Saudi Arabia, Qatar, and Oman have also indicated a willingness to reopen embassies in Baghdad when they assess the security situation has sufficiently improved. Outside the region, Sweden also plans to reopen its embassy in Baghdad. Although the GoI has taken steps to match the efforts of its neighbors to strengthen diplomatic relations, a number of key Iraqi ambassadorships remain vacant and subject to internal GoI disagreement, including those for Egypt, the UAE, and Kuwait.

While Iraq continues to make progress in the region, significant challenges remain, including outstanding bilateral border and financial issues with Kuwait. The increased frustration with 3,400 Mujhedeen e-Khaliq (MeK) residents of Camp Ashraf presents another challenge. The camp came under Iraqi control on January 1, 2009, and is home to militants disarmed in 2003. No longer under the protection of the U.S. military, the Governments of Iraq and Iran would like to see the camp closed and its residents transferred to other countries. This is becoming a potential humanitarian issue and is garnering international media attention. The GoI has assured the U.S. Government that it will treat the residents at the camp humanely, in accordance with the Iraqi Constitution, local laws, and international obligations. The GoI has committed not to forcibly transfer any of the residents to other countries.

Iranian Influence

Iran still poses a significant challenge to Iraq's long-term stability and political independence and continues to host, train, fund, arm, and guide Shi'a militant groups that attack U.S. forces in Iraq. Iranian behavior has persistently reflected a fundamental commitment to preventing the emergence of a threat to Iran from Iraqi territory, either from the GoI or from the United States. This fundamental objective is reflected in the Iranian Government's preference for a weak, Shi'a Islamist-dominated government that is aligned with

Iranian interests and that does not pose a threat to Iran's position in the region. Tehran remains opposed to, and will work to prevent, a long-term partnership between the GoI and the United States.

Tehran continues to invest heavily to gain and sustain political and economic influence in Iraq. The March 2009 visit by former President Rafsanjani emphasizes the importance Tehran places on relations with Iraq. Rafsanjani, an influential Ayatollah, visited Baghdad for a week of discussions with Iraq's most prominent political leaders, focusing talks on expanding economic ties and aiding Iraqi reconstruction. Promoting Iran as an appropriate strategic partner with Iraq, he pledged Iran's support to Iraq's reconstruction. Additionally, Iranian Parliament Speaker Ali Larijani visited Iraq in March 2009 to meet with several senior leaders to discuss issues of mutual concern between the GoI and Iran.

Syrian Influence

Syria promotes its interests in Iraq through its newly-enhanced diplomatic presence with an emphasis on expanding energy cooperation, trade, and investment. This was evident during the recent visit to Iraq by the Syrian Minister of Foreign Affairs, where he engaged in discussions with Prime Minister Maliki on cooperation in fuels, water, and border security between the two countries.

Although the Government of Syria has made security improvements to its border with Iraq, it needs to do more to address border security and foreign fighter networks transiting Syria into Iraq. Syria's tolerance of AQI facilitation activity on Syrian territory will likely obstruct further progress on joint economic or political fronts with Iraq. Although Syria has detained some AQI facilitators and operatives and the foreign fighter flow from Syria into Iraq has decreased, Syria remains the primary gateway for Iraq-bound foreign fighters. The GoI continues to insist upon more meaningful security cooperation prior to enhancing economic relations between the two

governments. The United States has initiated a discussion with Syria on security cooperation with Iraq.

Syria claims to have an estimated 1-1.5 million Iraqi refugees that it desires to return to Iraq due to the strain these refugees place on its weak economy. The GoI has offered to facilitate the return of refugees seeking to repatriate; however, the vast majority of refugees are not currently returning to Iraq due to housing, employment, or security concerns. In the meantime, the social and economic burdens of refugees impede improvements in diplomatic, security, and economic relations between the two countries.

Tensions on the Border with Turkey

Cooperation among the GoI, the KRG, and the Government of Turkey to combat the Kongra Gel (Kurdistan Workers Party (KGK)) improved during this reporting period. In November 2008, the Governments of Turkey, the United States, and Iraq initiated trilateral security dialogues to facilitate intelligence sharing and border security cooperation in support of counter-terrorism actions. KRG officials participated in these discussions as integral members of the GoI delegation and have also made efforts within the KRG to erode support for the KGK. In addition to the trilateral security dialogues, the GoI and the KRG have increased diplomatic and economic contacts with the Government of Turkey to bolster bilateral ties beyond border security. Iraqi Foreign Minister Zebari traveled to Ankara on January 23, 2009, to discuss recently-concluded trade and economic agreements. Turkish President Gul visited Baghdad in March 2009, and the two governments signed an Economic Partnership Agreement aimed at boosting bilateral trade. Additionally, a Turkish-Iraqi Ministers Council meeting is scheduled to be held in the summer of 2009.

Internally Displaced Persons and Refugees

The small-scale return of internally displaced persons (IDP) continues. Security gains have

been the critical factor enabling IDPs and a small number of refugees to return. As of its latest update, the International Organization for Migration (IOM) has identified 49,432 returnee families (approximately 296,600 individuals) across Iraq since early 2008. Of this total, an estimated 11% (roughly 32,600) are returned refugees. Over 32,000 of the total number of returnee families identified by IOM have returned to Baghdad. According to the IOM, while new displacements in Baghdad and elsewhere in Iraq have all but stopped, an estimated 2.8 million Iraqis remain displaced internally. In February 2009, the Ministry of Displacement and Migration issued a Ministerial Order terminating new registration of IDPs. The Order cites improvements in security and asserts that most families have returned to their homes as a basis for ending IDP registration. This raises humanitarian concerns for IDPs who have not yet registered, as access to benefits is contingent on registration. Prime Minister's Order 101 and Decree 262 implementation by the ISF in Baghdad have facilitated returning the displaced and enforcing property rights.³ However, bureaucratic challenges have prevented many returnees from accessing Decree 262 entitlements, and those outside Baghdad are ineligible. Shelter remains a high priority for Iraq's IDPs, particularly the estimated 40% who rented their homes and have nowhere to return. The IOM estimates that 22% of Iraqi IDPs live in collective settlements, public buildings, or other makeshift housing; however, the number of IDPs living in tented camps remains small in contrast to the overall population of Iraq's internally displaced.

The GoI has begun to acknowledge that refugee returns in particular should be gradual and voluntary, signaling a more realistic approach. However, given a bleak budget picture, high unemployment, low private sector growth, a severe housing shortage, poor government services, and an improving but fragile security situation, attempts to engage Syria and Jordan on the return of a largely Sunni refugee

population remains a low priority for the GoI. Serious efforts on behalf of the GoI to facilitate the returns of these refugees are all but non-existent. In a program to resettle 2,500 Iraqis, 2,000 from Syria and 500 from Jordan, a group of 122 vulnerable Iraqi refugees flew to Germany in March 2009. Germany's decision to take in Iraqi refugees currently living in both Syria and Jordan is a part of the European Union's decision to accept 10,000 of the most vulnerable refugees for resettlement.

Conclusion

Iraq continued to make political and diplomatic progress this reporting period, the most significant being the passage of the 2009 budget by the CoR, officially certifying the results of the 2009 provincial elections along

with peacefully seating the new councils and electing provincial leadership, and Iraq's steps toward re-engaging with its neighbors and expanding economic ties. However, many challenges remain. Despite efforts to increase coordination between the GoI and KRG, political tensions remain elevated. Arab-Kurd tensions over the status of Kirkuk and DIBs remain high, key hydrocarbon legislation remains stalled, and legislation must be passed to ensure elections occur before the end of January 2010. Iraqi political leaders must continue to manage lingering sectarianism, work to improve immature institutions, engage with neighbors, and stay committed to resolving the complex task of constructing a representative and accountable state.

1.2 Economic Activity

Although the provision of essential services continues to improve incrementally, Iraq's strained fiscal situation and declining oil revenues (which account for over 90% of overall government revenue) pose risks to Iraq's economic development. Falling oil revenues are the combined result of the rapid reduction in oil prices over the past year and stagnant oil production, in part due to Iraq's inability to attract foreign capital investment to exploit Iraq's abundant oil reserves. One of GoI's primary economic challenges going forward is to demonstrate that Iraq is a suitable environment for international investment. Given that Iraq is one of the lowest cost sources of crude oil on the globe, a more attractive development environment would produce both short- and long-term positive results for the Iraqi economy as a whole. The tightening fiscal environment has forced Iraq to pass a 2009 budget that set spending 25% below its original proposal, sacrificing some spending initiatives. This led to long deliberations over the final 2009 budget, which continued into April 2009. Absent a substantial rise in oil prices, Iraq will largely deplete its available fiscal balances in 2009 to fund its projected budget deficit.

Budget Execution

Budget execution, particularly for the capital investment budget, has been a challenge for the GoI since 2005, but both national ministries and provincial governments have substantially improved their ability to execute capital budgets. Several GoI and Coalition-assisted budget execution workshops helped improve the execution rate of capital investment projects. There still remain inherent bottlenecks in the capital budget execution process, including a lack of reputable contractors with satisfactory past performance and a lack of qualified subject matter experts, engineers, and project managers. The KRG has comparatively more contractors and oversight personnel, which has made its budget execution more successful; however, the KRG also lacks budget transparency and has not generally

demonstrated a disciplined approach in following proper procurement processes and procedures. Other systemic bottlenecks to the budget execution process were noted with the procurement system, funding release allocations, Letters of Credit, and land acquisition rights for the construction sites.

Despite improved budget execution rates, challenges remain. Bureaucratic decision lag continues with regard to allocation releases and issuing Letters of Credit. Conventional expeditious procurement solicitation methods, such as direct invitation, are not being used. Additionally, base and supplemental budgets are ratified late in the year, making it difficult for ministries and provinces to execute their entire approved capital investment plans. Finally, on-going conflict in areas such as Ninewa and Diyala accounted for slow budget execution.

The GoI appears to be actively addressing its budget execution problems. The 2008 Annual Ministry of Planning Report on the Year's Budget Overview analyzed processes, systems, and procedures and identified nearly 50 problems and constraints associated with budget execution and project implementation; the report contained 30 suggestions for improvement. Additionally, Deputy Prime Minister Salih, assisted by the U.S. Department of Treasury, continues to host nationwide budget execution workshops. USAID continues to train budget execution personnel on the development of long-range acquisition planning, and it will conduct similar training for the newly-elected provincial government officials.

2008 Budget Execution

Iraq significantly improved its budget execution in 2008. Iraq executed 99% of its 2008 \$49.9 billion base budget and 69% of its combined base and supplemental budgets, which totaled \$72.2 billion. In contrast, Iraq spent only \$27 billion (67%) of its \$41 billion budget in 2007 and spent \$23 billion (68%) of its \$34 billion budget in 2006. Of the overall

spending, roughly \$9 billion was spent on capital investment projects in 2008, compared to just \$3.4 billion in 2007. Including commitments, total capital investment spending in 2008 was over \$16 billion, compared to roughly \$6 billion in 2007.

2009 Budget

The CoR passed the 2009 budget on March 5, 2009. The Presidency Council approved the final 2009 budget schedules on April 2, 2009, and the budget was published in the Official Gazette on April 13, 2009. The 2009 Iraqi baseline budget is \$58.6 billion, representing an \$8.7 billion (17%) increase over the 2008 baseline budget of \$49.9 billion. Most of this increase correlates to operations including salary and wage increases. The 2009 budget also includes \$2.1 billion for provincial capital expenditures and \$9.6 billion for security capital and operating expenditures (\$5.5 billion for MoI and \$4.1 billion for MoD)—compared to \$3.3 billion for the 2008 provincial capital base budget and \$9 billion expenditures for security in the 2008 base budget. The projected budget deficit is \$15.9 billion. The Minister of Finance has discussed the possibility of a budget rescission later in the year due to the fiscal crunch, but this might be politically challenging in an election year.

The 2009 Iraqi Budget Law included no provision for rollover from 2008 capital funding. Few new projects for 2009 will be funded with the reduced budget and lack of rollover funds from 2008, and the continuation of on-going 2008 projects will be funded with 2009 budgetary monies. The decline in oil prices caused a decrease in the 2009 revenue forecast, driving a reduced capital expenditure spending plan and an increased deficit from the previous two budget years. Budget expenditures were reported to be \$4.0 billion through February 2009, compared to \$4.2 billion in the first two months of 2008. Expenditures were at a 7% execution rate through February 2009.

International Compact with Iraq and Debt Relief

The International Compact with Iraq (ICI) remains the overarching framework for coordinating international donor support for Iraq's development and reform process. Since the launching of the ICI, Iraq has made progress in reducing and rescheduling debts from the Saddam era. The ICI Secretariat moved to the Deputy Prime Minister's office in 2008, and an annual ICI meeting is tentatively scheduled for fall 2009 in Baghdad. There was meeting of the ICI International Coordination Group (ICG)—the body that oversees ICI goals and implementation—in Baghdad on May 26, 2009. The ICG will lay the ground work for the next ICI Annual Ministerial, which is tentatively scheduled to be held in Baghdad in October 2009.

All Paris Club creditors have concluded bilateral debt relief agreements with Iraq. Iraq has also continued to seek debt relief outside of the Paris Club agreements. To date, Iraq has received roughly \$13 billion in debt relief from non-Paris Club official bilateral creditors and has also received approximately \$21 billion in commercial debt relief. The U.S. Treasury estimates that Iraq's remaining bilateral debt outstanding is between \$49 billion and \$77 billion. Iraq and Tunisia finalized a debt agreement on March 9, 2009. The agreement settled a debt amounting to \$170 million with a single cash payment of \$17 million to forgive the entire debt. The UAE has announced that it intends to cancel all of Iraq's \$7 billion in debt owed to the UAE but has not signed a formal agreement.

Indicators of Economic Activity

While difficult to predict accurately, most reliable open sources project real GDP growth for 2009 at around 6%. Even with improved security, Iraq's private sector remains dependent upon government outlays. Despite some progress, corruption constrains reconstruction and economic development throughout Iraq.

Inflation

In March 2009, year-on-year core inflation was 8.3%, well below the 2008 average of 13% and significantly lower than the average inflation rate of 19% in 2007.⁴ From December 2006 through December 2008, the dinar appreciated against the U.S. dollar by more than 20%. In response to the lower core inflation rate, the Central Bank of Iraq (CBI) lowered its policy rate in February 2009 from 14% to 11% and has recently announced a new policy rate effective April 1, 2009 of 9%. Appreciation of the dinar through 2008 stabilized inflation at a historically low level, improving Iraqi purchasing power for basic needs and setting conditions for private-sector growth.

Unemployment

GoI data released in December 2008 revealed some gains in employment. COSIT reports that underemployment (less than 35 hours of work per week) fell to 29% from 38% in 2007, and the national rate of unemployment decreased to 12.5% in the fourth quarter of 2008 from 17.6% in 2007. Most notably, the data revealed that the government still employs the majority of the full-time work force, while over a third of the full-time work force is employed in the private sector, an increase from only 24% in 2007. Based on population demographics, Iraq's labor pool is growing at a rate of more than 200,000 people per year. The increase in jobs has seemingly kept pace with the expanding labor pool. However, Iraqis continue to be challenged by underemployment which may be exacerbated by returning displaced persons and detainees.

Hunger and Poverty Levels

According to the most recent United Nations World Food Programme report, an estimated population of 930,000 (3.1% of the households sampled) were classified as food insecure.⁵ The findings of this survey also indicate that an additional 9.4% of the population (2.8 million) is extremely dependent upon the Public Distribution System food ration, without which they could be expected to become food insecure. Results also indicate significant improvement

compared to the estimated four million (15.4%) food insecure and 8.3 million (31.8%) potentially food insecure people reported in the previous survey in 2005. Factors that may have contributed to this significant and positive trend include an overall improvement in security, improvement in some macroeconomic indicators that are used to monitor the level of economic growth in Iraq including GDP, and enhanced humanitarian efforts on the parts of the GoI, UN organizations, and NGOs.

Business Development and Integration into the Global Economy

Since the launching of the ICI, Iraq has made strides toward reintegrating with the broader international community. In February 2009, Iraq initiated a Task Force to Implement the Principles of the Paris Declaration on Aid Effectiveness for greater host country ownership, transparency, and accountability of the development assistance process. The Task Force is co-chaired by Iraq and the United Nations, and the U.S. participates. Since the launch of the ICI, the central government, as well as provincial governments and investment commissions, have reached or are working on agreements or MOUs to promote trade and investment with more than 15 major countries and international organizations, including the UN, Organization of Islamic Conferences, Australia, France, Germany, Italy, Iran, Japan, South Korea, Sweden, Qatar, and the UK.

The Donors Committee that oversees the International Reconstruction Fund Facility for Iraq (IRFFI), which, since 2004, has served as the multilateral mechanism for turning international financial contributions into assistance projects for Iraq, met on February 19, 2009, in Naples, Italy. In view of the fact that the IRFFI has largely accomplished its original mission and is scheduled to close out its Trust Funds, the Donors Committee decided to stop taking new donor contributions by the end of 2009, stop initiating new projects and contracts by the end of 2010, and terminate the IRFFI altogether by the end of 2013. The IRFFI has collected more than \$1.8 billion in donor deposits and

invested more than \$1.5 billion in assistance. Most of the countries that contributed to the IRFFI now have their own bilateral relations with Iraq for assistance, trade, and investment.

The Department of Defense Task Force to Improve Business and Stability Operations (TFBSO) continues its efforts in Iraq to stabilize economic conditions by enabling development efforts by both governmental and non-governmental organizations. The TFBSO hosted a member of the Board of Directors of the United States Export Import Bank in April 2009. The Export Import Bank provides financing and working capital to companies interested in doing business in high-risk areas. Financial services offered by the Export Import Bank may help provide a financial guarantee to companies interested in doing business in Iraq. Despite the global financial crisis, the TFBSO witnessed no reduction of investor interest in Iraq from January through March 2009, although the pace of actual proposals has slowed slightly. Between January and March 2009, the TFBSO hosted over 30 visitors comprised of investors, corporations, educators, and U.S. officials. Visitors included the Abu Dhabi Investment Commission, ABC Home Furnishings, members of the United States Geological Survey, and the Texas Agriculture Commissioner.

The National Investment Commission and the Provincial Investment Commission programs, established to develop the investment capabilities of national and provincial governments, are promoting foreign investment in Iraq. The Provincial Investment Commissions of Baghdad, Najaf, Karbala, Muthanna, Diwaniyah, Babil, Basrah, Maysan, and Dhi Qar have each contributed to the overall \$2.99 billion private-sector development progress started in 2008. To date, a total of 59 investment licenses have been signed with construction of 19 of the projects (valued at \$456 million) underway.

In February 2009, the Ministry of State for Tourism and Antiquities opened 11 of the 23

exhibition halls at the National Museum of Iraq, although currently, it is open only to organized tours, government officials, and academic institutions. The State Board of Tourism hosted the first eight western tourists in March 2009. The 15-day trip included visits to locations in Baghdad, Irbil, Najaf, Karbala, Babil, Dhi Qar, and Basrah. The British company, Hinterland Travel, plans to extend these trips to 21 days in upcoming visits. Additionally, 19 signed investment licenses totaling \$527 million have been directed toward tourism and hospitality industries. Six projects are under construction.

Banking Sector

The banking sector in Iraq consists of 35 banks with over 549 branches nationwide. Seven banks are state-owned banks while 28 are private. Eight of the private banks are considered foreign-owned (having more than 50% foreign ownership). The two largest state-owned banks, Rafidain and Rasheed, are undergoing a comprehensive financial and operational restructuring with guidance from U.S. Treasury's resident bank advisors. U.S. Treasury advisors are working with Rafidain Bank and B-Plan, a supplier of financial software, on the implementation of a core banking system, a cornerstone of future banking improvements. Rafidain Bank is running the core banking application and plans to migrate data from Jordan to Baghdad. U.S. Treasury personnel are providing project management assistance, information technology advice, business process improvements, and banking industry expertise.

Along with USAID and the U.S. Treasury Department, the TFBSO banking and financial networks team continues its work to enhance the development of a modern, internationally-competitive banking sector in Iraq. Amwal, the financial services consortium for private banks, continues to grow and thrive. Discussions are underway to add several more private banks to its membership. Current Amwal members, Bank of Baghdad and Commercial Bank of Iraq, have begun issuing debit cards to their

customers. Point of Sale devices are being installed at a rate of approximately ten new devices each week in targeted businesses with potential for high-volume sales, and electronic banking products make the daily life of Iraqi consumers safer and more convenient.

TFBSO and U.S. Treasury staffs continue to work with the Central Bank of Iraq (CBI). A new project has been launched that will upgrade CBI systems and improve efficiency and ease of electronic transfers among CBI branches across Iraq. Several new pilot projects are also underway to determine feasibility of banking services, such as automated payroll services, direct deposit, and mobile banking.

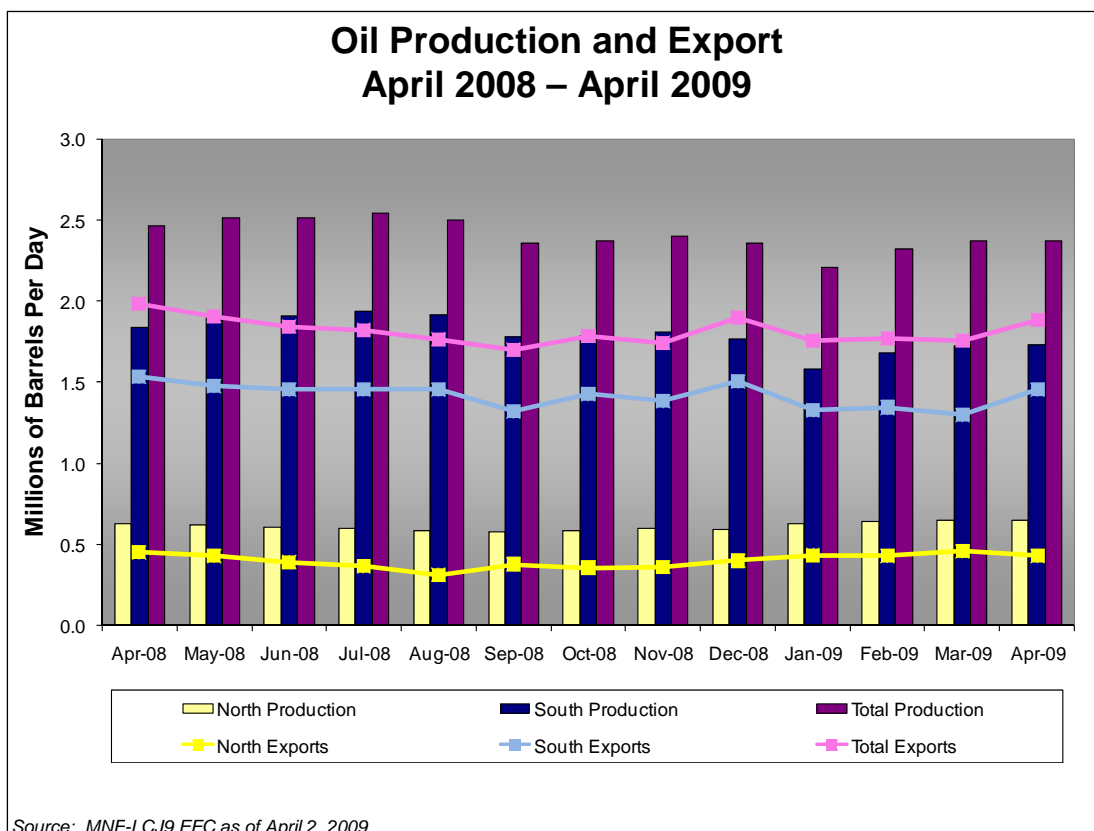
Oil Industry

Iraq's steady increase in internal production and distribution of refined products was reflected last winter when black market prices for these products fell. However, despite overall higher crude oil production and exports in 2008, antiquated and poorly maintained equipment caused a production slowdown in

the South, a trend expected to continue throughout 2010.

Overall, crude oil production peaked at 2.54 million barrels per day (mbpd) in July 2008 and leveled off at approximately 2.36 mbpd in late 2008. Iraq earned an estimated \$41 billion from crude oil exports in 2007, an increase of about \$10 billion over 2006. Oil revenues increased significantly to an estimated \$61.9 billion in 2008, primarily because of high world oil prices in the first half of the year. Production and exports appear stable for the first three months of 2009, but revenue is 35% below targets due to price and export volume deficiencies.

Security improvements have helped maintain production, exports, and increased domestic distribution. While there have been several minor pipeline interdictions over the last six months, none have impeded production, export, or refining. Iraqi technicians have conducted over 3,000 repairs since May 2008 on the Bayji to Baghdad pipeline corridor. In December 2008, technicians re-commissioned the 16-inch

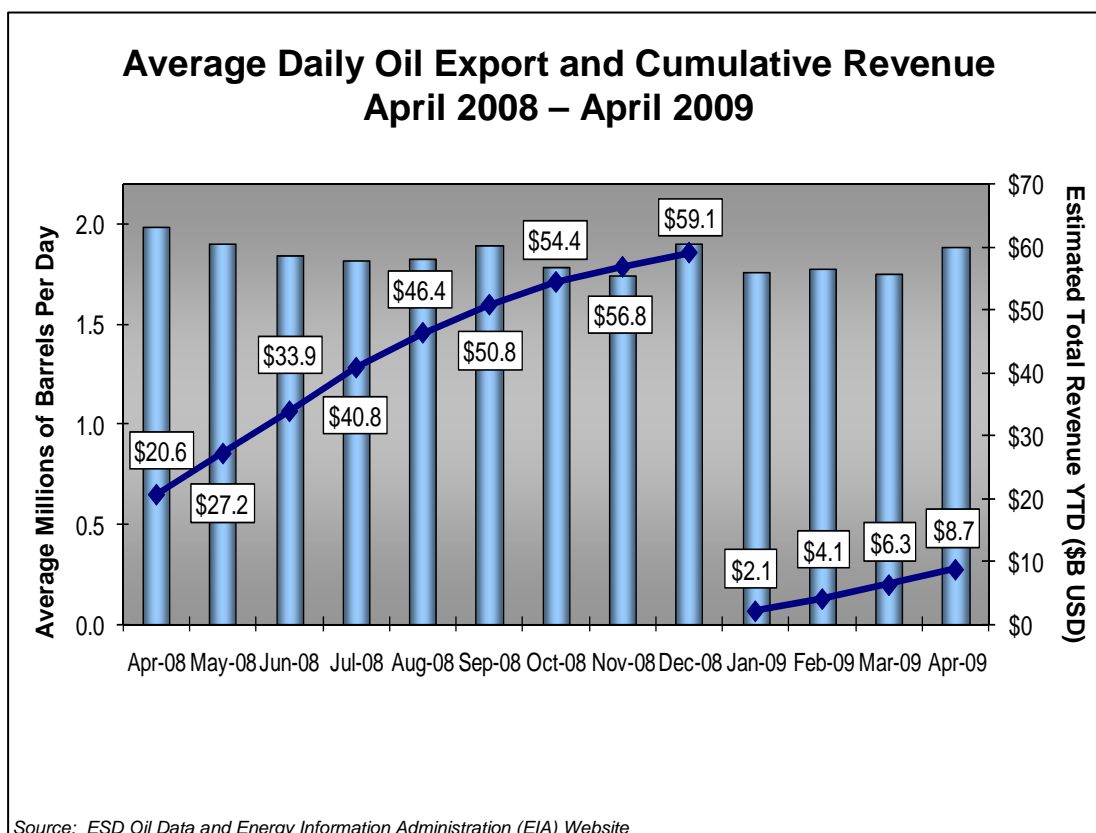


natural gas line that provides fuel to power plants in North Baghdad. An Oil Pipeline Company repair team is currently repairing the 16-inch refined product line from Bayji to the Hammam Al Aleel depot near Mosul and two other teams have carried out repairs on the 12-inch Naft Khana crude line. These repairs will increase the supply of crude to the Doura refinery in Baghdad and greatly increase the Ministry of Oil's (MoO) ability to distribute fuel to the largest city in the North. The Pipeline Exclusion Zone (PEZ) projects are incomplete due to MoD and MoI disagreements over contracts for guard towers along the three PEZs. The U.S.-funded piece of the Bayji-to-Baghdad PEZ program, currently 96% complete, remains on track. The U.S.-funded construction on the Doura-to-Hillah PEZ is complete.

Despite improvements, much of Iraq's crude oil infrastructure remains outdated, poorly maintained, and under-resourced. The MoO is initiating a series of project proposals aimed at modernizing and expanding production, specifically in the refining sector.

Additionally, a strategy to restructure and revitalize the Iraqi oil sector and realign policy and responsibilities was supported by the Prime Minister in the early part of 2009. The CoM has approved a renegotiated contract with the China National Petroleum Corporation for the Ahdab field in Wasit; the previous production sharing contract was signed in 1997. The seismic survey began in March 2009 and expectations are for four new wells and renovation of seven older ones. In September 2008, the GoI signed a Heads of Agreement with Shell for a 25-year project to capture flared gas for domestic use and for export. The GoI also launched two rounds of bidding on contracts to develop major oil fields, the second of which was announced on December 31, 2008. Bids from international companies are due mid-2009 after which the MoO will review and select bids. Given the length of the contract process, it is unlikely that there will be any significant foreign involvement in the Iraqi oil infrastructure before mid-2010.

After significant delays, Iraq has taken initial steps toward rebuilding its southern oil export



infrastructure. The Southern Export Redundancy Project will provide redundancy and expansion of the Al-Basrah and Khor Al-Amaya Oil Terminals (KAAOT), rehabilitate undersea pipelines, and eventually increase export capacity from 1.6 mbpd to 4.5 mbpd. The front-end engineering design contract was signed on December 21, 2008, and the kick-off meeting took place in March 2009. Surveys for unexploded ordnance in the Northern Gulf commenced in February 2009, and bathymetric surveys began at the end of April 2009. The progress on this project is still slower than might be expected given the strategic risk, impeded by a lack of good project management and timely decision making.

Agriculture

Agriculture produces approximately 12% of Iraq's GDP and employs 25% of Iraq's work force. With oil prices remaining low, agriculture may show a larger GDP percentage gain during 2009. As labor-saving techniques are introduced, the labor force will remain steady through production increases. USAID programs have created over 15,000 jobs in the agricultural sector since 2006.

As a nationwide industry, Iraqi domestic food production continues to lag due to many factors, including government policies that distort the market and undermine productivity and competition through subsidized credit and agricultural inputs; outdated technology in plant and animal genetics, fertilizers, irrigation and drainage systems, and farm equipment; inadequate and unstable electricity; degradation of irrigation-management systems; insufficient credit and private capital; inadequate market information and networks; and security issues. Ministry of Agriculture (MoA) programs, projects, and initiatives will be limited in 2009 because of a reduced ministerial budget. In addition, given the low rainfall during the 2009 grain season and the likely shortage of water for irrigation, grain production in 2009 is expected to be only slightly better than the poor production in 2008, which resulted from the worst drought of the past decade. Over 70% of

Iraq's water originates from outside its borders. Iraq and Turkey have discussed the possibility of releasing more water from the Euphrates and Tigris Rivers to increase irrigation. Negotiations on responsible water sharing between Turkey, Syria, and Iraq are ongoing.

U.S. efforts are focused primarily on helping Iraq transition to a private-sector-driven agricultural system. These efforts include building the MoA's capacity to regulate and provide policy guidance and discouraging its market interventions so the market can play a greater role in setting prices for crops and agricultural inputs. The U.S. Department of Agriculture (USDA) is providing specialized training to help the MoA set policy and deliver services to revitalize the agriculture extension system and to identify market niches. Other U.S. efforts include USAID's *Tatweer* and *Inma* programs. The *Tatweer* program has trained over 9,000 employees and graduated 130 trainers in the MoA and Ministry of Water Resources and continues to institutionalize learning and training within the GoI ministries and provincial governments. *Inma*, a \$209 million USAID project launched in 2007, focuses on the development of agribusiness and agricultural markets.⁶ Since the beginning of the program, about 11,000 new jobs have been created in the agribusiness sector, generating approximately \$60 million of gross revenue for Iraqi agribusinesses.

The TFBSO remains active in Iraq's agricultural development. A recent TFBSO effort involved the building, shipment, and delivery of over 300 greenhouses to Karbala. The greenhouses were built at a restarted factory in Iskandiriyah, delivered to Karbala in February 2009, and are sold by the GoI to farmers to encourage agricultural self-sufficiency and improve farming techniques. This is a joint Iraqi industrial-agricultural partnership that creates jobs in the Iraqi industrial region of Iskandiriyah and empowers Iraqi farmers in Karbala. In the coming months, approximately 200 additional greenhouses will be delivered to

the city of al Kut, with additional shipments to be delivered throughout the country in 2009.

Essential Services

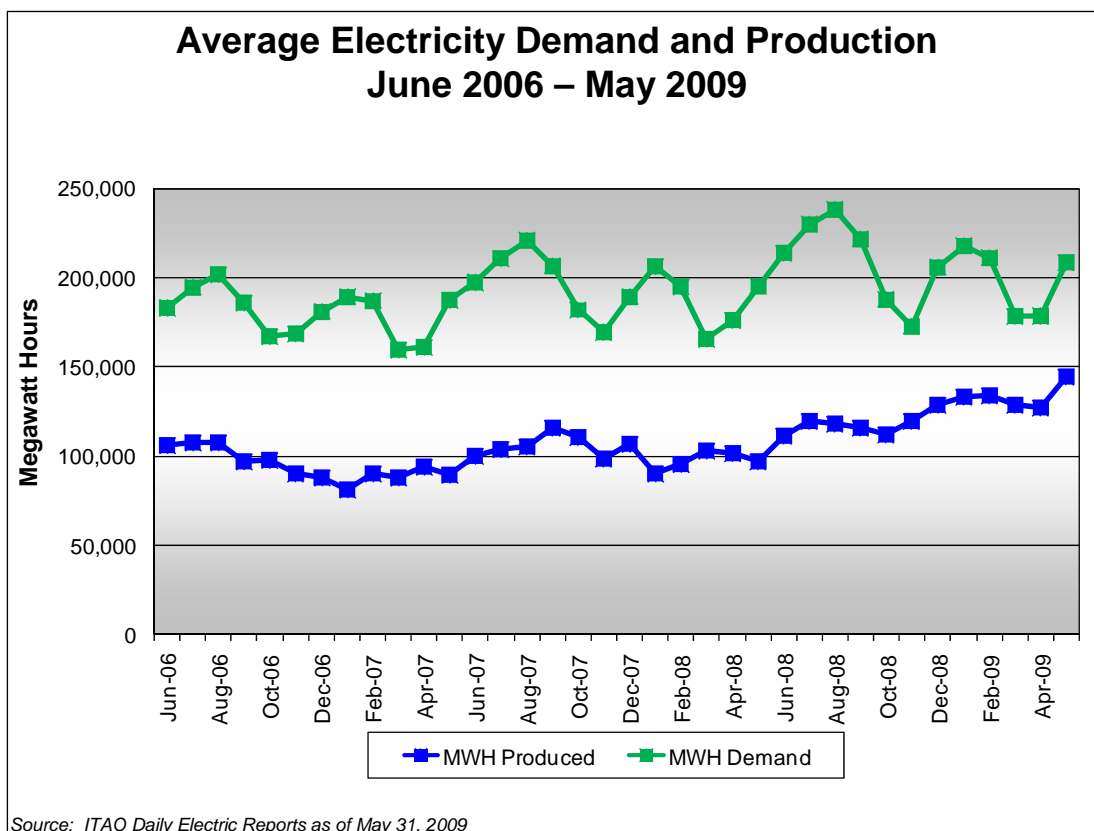
Progress in delivering essential services, such as electricity, water, and healthcare, varies by locale. Demand for electricity still exceeds supply, but the gap between supply and demand is shrinking. Also, GoI investments in electrical generation have stabilized the national grid, which has resulted in improved reliability and recent all-time-high generation. Although many Iraqis still report limited access to potable water, construction of major new water supply and treatment plants continues. Improvements have been made to Iraq's telecommunications infrastructure, and initial steps are being taken to restore and expand the country's transportation infrastructure. The provision of essential services remains a key component of national reconciliation and a significant factor in building popular support for the GoI.

Electricity

Average electrical generation for the first

quarter of 2009 was 130,249 megawatt hours (MWH), a 37% increase over the same period last year. Nevertheless, many areas still receive a very limited, intermittent, and unpredictable supply. On average, Iraqi residents polled reported receiving eight hours of electricity daily from the national grid in March 2009. Approximately half (51%) of Iraqis now feel they get the electricity they need at least some of the time, seven percentage points more than in January 2009.⁷ However, only 25% of Iraqis are somewhat or very satisfied by the amount of electricity they receive, up from 19% who felt satisfied in January 2009.⁸ Imports from Iran and Turkey averaged more than 12,000 MWH in March 2009 and account for 10% of total supply.

As of March 2009, 140 megawatts (MW) of new generation had been added to the grid this year, with an additional 1,000 MW planned to come online prior to the summer peak. The Ministry of Electricity (MoE) renegotiated the delivery and payment schedule for its General Electric project to supply 56 model Frame-9 generators but failed to deliver the stage



payment due at the end of March 2009. The first generators supplied under this project are scheduled to arrive later this year, but the MoE has yet to appoint an owner's engineer to develop specifications for plant construction, purchase the balance of plant equipment, or hire contractors to build the facilities. These steps will likely be further delayed due to budgetary constraints, as the pressure to reduce capital expenditure resulting from falling oil prices could potentially impact these programs.

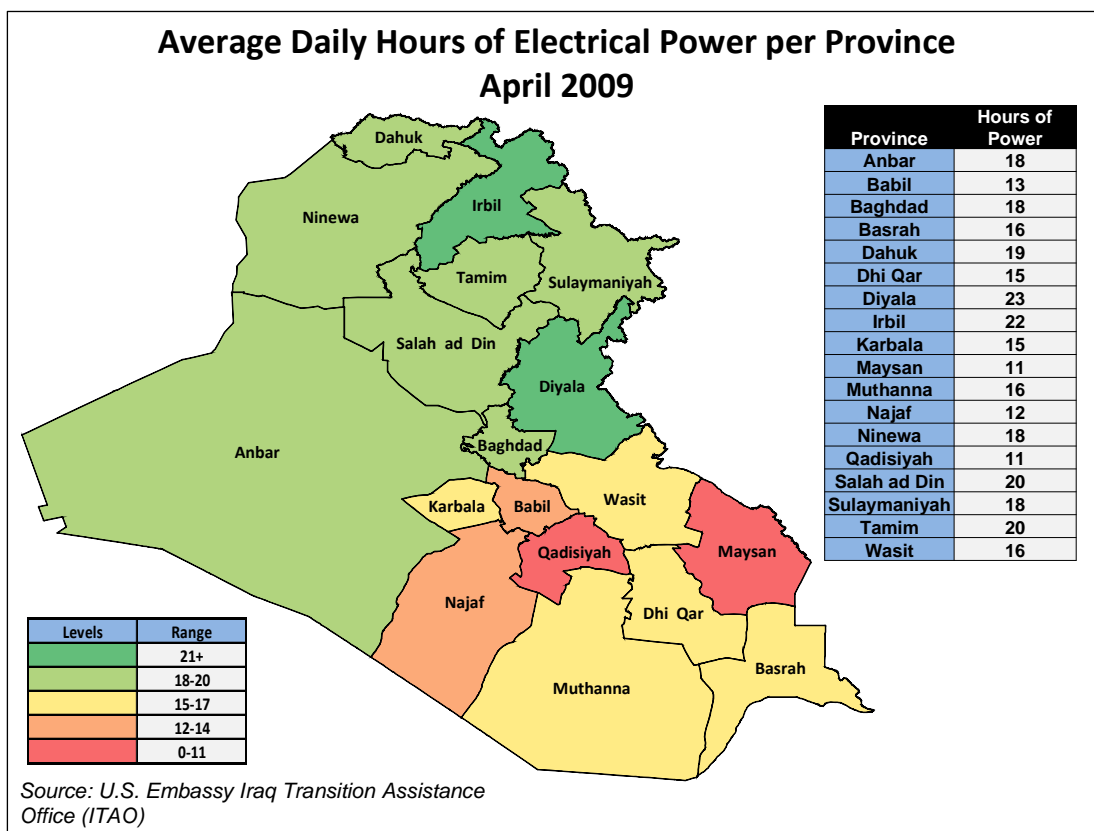
The Al-Qudas expansion project, completed on May 7, 2009, provides two additional combustion turbines, adding an additional 200 MW of power to the Iraqi power grid. The project was the result of a partnership between the MoE, the U.S. Embassy, the U.S. Army Corps of Engineers, and a joint private venture between Iraqi companies URUK Engineering Services and Baghdad Company for Gas Turbines Ltd. The added capacity equates to powering approximately 180,000 households 24 hours per day. Work was completed on the rehabilitation of four model Frame-6, gas turbine, and generator units in the New Mullah Abdulla

Power Plant. The refurbished units were handed over to the MoE in February 2009 and returned 148 MW of power to the grid, which equates to powering for 133,000 households for 24 hours per day.

As of March 2009, all projects to harden electrical transmission towers have been completed or terminated due to priority reassessment. The success of these completed projects is demonstrated by the fact that the last attack on a transmission line occurred in April 2008.

Water and Sewer

Poor water treatment plant operations, maintenance, and sustainment continue to stymie efforts to provide potable water to the Iraqi population. Poorly maintained water distribution systems are susceptible to contamination, increasing the potential for disease. In April 2009, nearly 68% of Iraqis reported being able to get safe, clean drinking water at least some of the time, indicating no significant change from January 2009.⁹ Although the majority of Iraqis can get safe drinking water, only 34% are



satisfied with the availability of drinking water, a two-point increase from January 2009.¹⁰ Only 46% of Iraqis state that they have a working sewage disposal system at least some of the time, no change from last report.¹¹ The percentage of Iraqis satisfied with sewage disposal services is 29%, a three-percentage-point increase from January 2009.¹²

Several important projects enhancing water and sewer capability are underway. The Sadr R3 Water Treatment Plant has been operating at full capacity since mid-September 2008, and the Baghdad Water Authority has operated the plant since the end of January 2009. In Najaf, the Mishkab Water Supply project, being executed under a \$23 million grant to the Ministry of Municipalities and Public Works, is 58% complete and is due to be operational in 2009.

Healthcare

The Ministry of Health (MoH) continues to face human resource challenge across the spectrum of healthcare professionals to include doctors, nurses, and ancillary support staff. The MoH is working with the Prime Minister's Special Advisor on Health and Higher Education to assist with the repatriation of physicians that fled the country since 2003. This remains a priority for the MoH and the GoI, and efforts are beginning to show progress. The number of repatriated physicians from January 2008 through March 2009 is 1,150, a significant increase over the 200 doctors who returned in 2007. A newly implemented hiring freeze due to fiscal constraints over the past year and a half will present a challenge to the MoH. Nevertheless, the GoI continues to address this important issue.

Several projects to improve healthcare in Iraq are ongoing. There have been 27 medical partnership training events conducted, through which 314 Iraqi healthcare professionals and support staff personnel were trained in-country by U.S. military medical units. This partnership training is integrated into joint

participation in healthcare conferences with U.S. healthcare providers speaking and training large groups of Iraqi healthcare teams at several nursing, trauma, and medical conferences in May, June, and July 2009. Further, the MoH Director General for Public Health has been actively engaged in engineering a disease management plan and is coordinating disease reporting with the World Health Organization, the Health Attaché's office, and the MNF-I Surgeon General's office. The MoH is working with the Health Attaché's office and a Naval Medical Research Unit to increase capacity of the disease surveillance and laboratory systems across Iraq. There is also a joint MoH and Coalition Trauma Conference being planned that will help the GoI and the MoH sustain healthcare delivery for trauma patients. Although many challenges remain, the MoH and U.S. Government are actively engaged in a process to work together as the MoH builds its capacity to meet the healthcare needs of the Iraqi people. National polling shows that only 28% of Iraqis are somewhat or very satisfied with health services.¹³

Transportation

Iraqis took control of all Iraqi airspace at 24,000 feet and above on January 1, 2009. Planning and training for the next section of airspace to be transferred to Iraqi control is underway. The U.S. is providing air traffic control services until Iraq is fully capable of controlling its airspace. U.S. Air Force and U.S. contract controllers will continue to assist until there are enough qualified Iraqi controllers to assume responsibility.

Rehabilitation and expansion of Iraqi railroad track and station infrastructure continues. Efforts to develop a state-of-the-art train control system for the railroad are nearing completion. Completion and turnover of the Iraqi Republic Railway is expected in June 2009.

Revitalizing the Port of Umm Qasr continues with support of the Office of the Transportation Attaché (OTA). The GoI is employing port

tender agreements to develop modern container-port facilities in Umm Qasr's South Port. The OTA expects to complete the U.S.-funded repair of two container cranes in South Port by August 1, 2009. The OTA and MNF-I, in conjunction with the U.S. Coast Guard, are also supporting GoI efforts to achieve compliance for the Port of Umm Qasr with the International Ship and Port Facility Security Code of the International Maritime Organization. The U.S. Coast Guard team lead elements arrived in mid-April 2009; the rest of the team will arrive in June 2009.

Conclusion

Despite considerable challenges, the Iraqi economy continues to grow, and budget execution is improving, producing incremental gains in the provision of essential services. However, weak oil prices will most likely restrict government expenditures over the next year. Iraqi ability to attract foreign capital by providing a secure, market-friendly environment in an expeditious manner will ultimately be a pivotal factor in determining Iraq's near-term future growth trajectory.

1.3 Security Environment

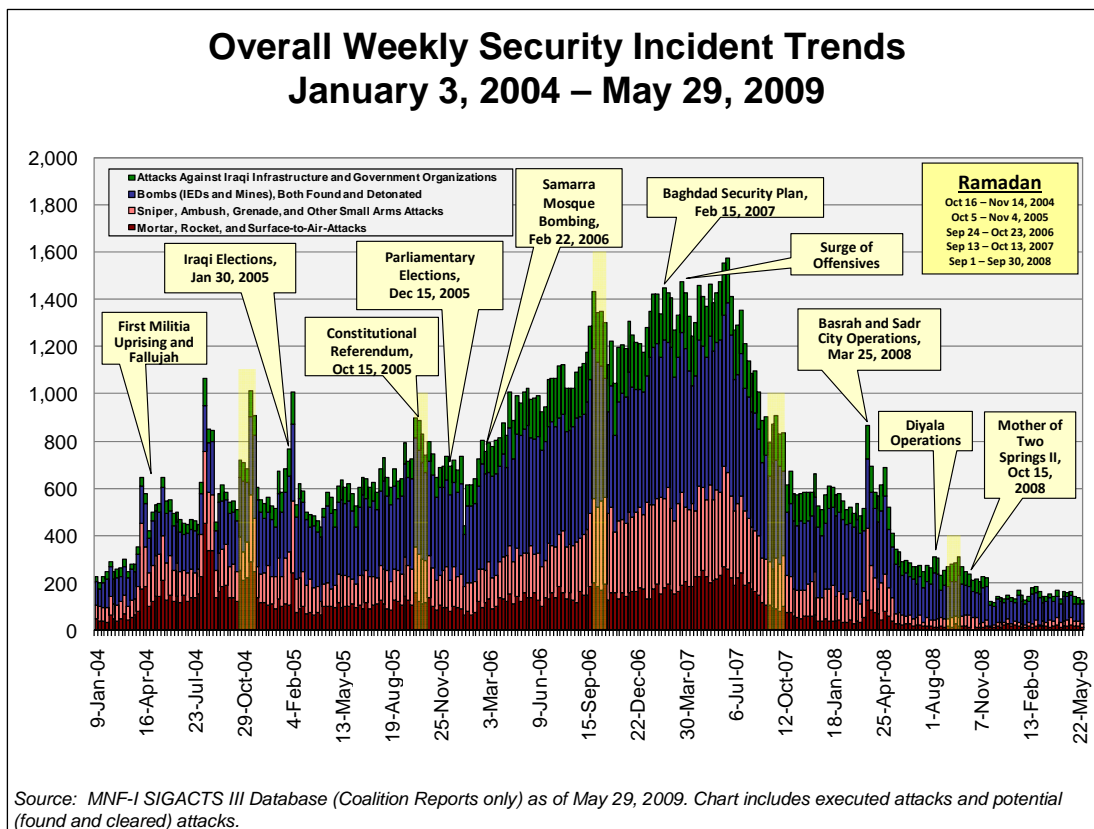
Despite the recent increase in high-profile attacks (HPA) in April 2009, overall attack trends indicate that AQI is unable to return to the operational tempo it maintained in 2006 and early 2007 due to the ISF's increasing effectiveness, the maturation of the Sunni Awakening movement, and continued pressure on AQI networks by Coalition and Iraqi forces. AQI's ability to raise and disperse funding has been severely impeded, and Coalition targeting of key leadership and operatives constrains AQI's efforts to direct and carry out attacks. AQI does retain the ability to conduct HPAs, but Coalition and ISF operations have made it increasingly difficult. The ISF were in the lead in 14 of the 18 provinces during the transition of provincial governments, with Coalition assistance provided for planning and managing security details.

Overall Assessment of the Security Environment

The insurgency in Iraq continues to decline but remains dangerous. Several Sunni nationalist groups, including Jaysh Muhammed, Jaysh Al

Islami, the 1920s Revolutionary Brigade, and the Jaysh Rijal al-Tariq al-Naqshabandi (JRN), remain in armed resistance and continue to conduct attacks against U.S. and Iraqi forces. Most of the Shi'a militants that formerly belonged to the Jaysh al-Mahdi (JAM) militia are transitioning away from violence due to organizational changes and ISF pressure, although some Shi'a militants, particularly those in the Promised Day Brigade (PDB), Asa'ib Ahl-Haqq (AAH), and Kata'ib Hizbollah (KH), continue attacks against U.S. forces. Coalition and ISF operations continue to impede AQI's and other insurgents' and militants' freedom of movement and resupply capabilities. The ISF are taking the lead in operations in northern Iraq, and U.S. forces operate in supporting roles to the ISF.

Security operations in Basrah, Baghdad, Ninewa, Maysan, and Diyala have produced encouraging results that further degraded the capabilities of AQI and reduced the activities of militias. Iraqi and Coalition forces have extended control over more areas of Iraq, and ongoing operations have severely degraded

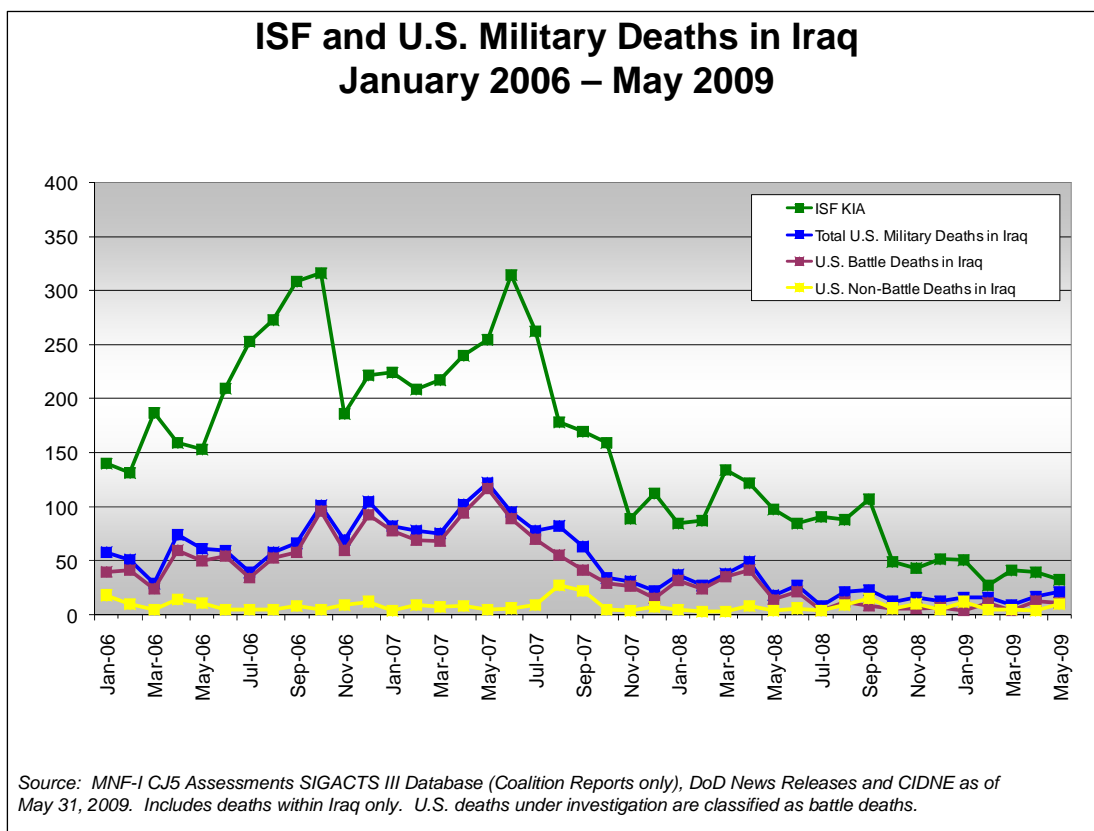


AQI activities, finances, and supply networks, leading to the capture of several high-value individuals. Extensive COIN operations in Mosul and Diyala continue to pressure AQI networks and clear areas that had been AQI strongholds. Although Iraq has achieved progress, AQI retains limited capability to conduct HPAs targeting civilians and ISF, mostly in Baghdad and the North.

Sons of Iraq

In October 2008, Coalition forces began transferring the SoI to GoI control. As of May 30, 2009, 88,383 SoI in all provinces with a SoI program were under control of the GoI. The GoI now has responsibility for all SoI and pays all SoI salaries. However, there remain concerns within the Sunni community over the continued arrests of SoI leaders and charges of late and non-payment of salaries. The CoR's movement of SoI funds from the Prime Minister's control to the MoI in the 2009 budget initially created confusion, though the Ministry of Finance quickly rectified technical issues that arose from the transfer of funds. To underscore Iraq's commitment to the SoI, the

government approved their salaries and began disbursing payments before approving the 2009 budget. While completing the transfer of control of the SoI and ensuring SoI payments, Coalition forces continued to work with GoI officials on transitioning SoI to other viable employment. In Baghdad, 47,000 SoI skills and education questionnaires have been evaluated to determine placement into appropriate ministries. Additionally, the CoM passed a resolution in April 2009 directing ministries to absorb SoI into their ranks. Evaluation of the SoI in other provinces will follow. The GoI's long-term goal remains the transition of 20% of the SoI into the ISF and the reintegration of the remaining 80% into public or private employment. However, to date, only approximately 6,300 SoI have transitioned since the GoI commitment in October 2008, of which approximately 1,700 transitioned into non-security sector jobs. The rate of GoI integration of SoI into the ISF or into civil employment is not on pace to meet the stated goals prior to MNF-I's change of mission in August 2010. The slow pace of integration has the potential to undermine Sunni confidence in



the GoI, and, if not corrected, could undermine security progress

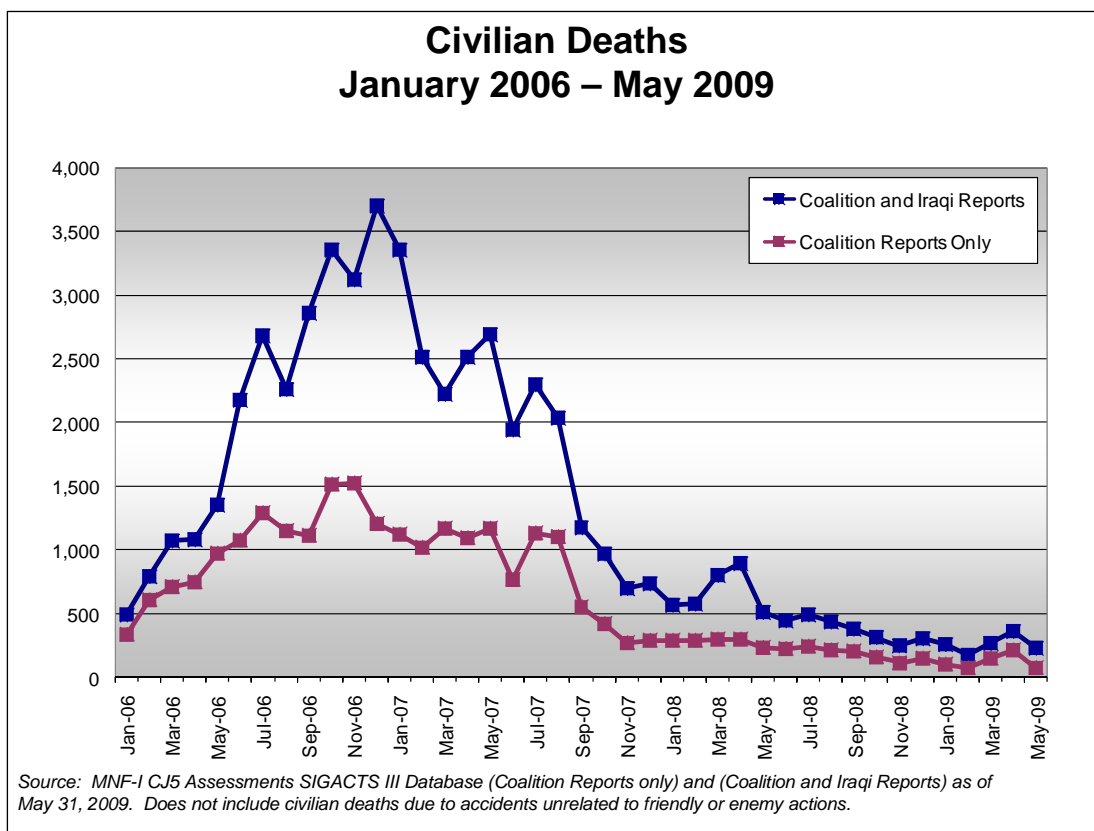
Daughters of Iraq

To mitigate the use of female suicide bombers in Iraq, Multi-National Corps-Iraq (MNC-I) and community leaders began calling for women to join the Daughters of Iraq (DoI), a female counterpart to the SoI community policing program largely credited with reducing violence in Iraq. While DoI remain a small minority, their non-standard role in Iraqi society has attracted much attention. The GoI faces increased demand for female security personnel because of the large increase in female suicide bombings last year—more than 40 women carried out suicide attacks in 2008, primarily in Diyala, Baghdad, and Anbar, compared to eight in 2007. This program is specifically designed to fill the security gap that currently allows women to avoid scrutiny at checkpoints. To date, nearly 1,000 women are DoI, partnering with the SoI to provide an added security capability in Anbar, Baghdad, and Diyala.

Attack Trends and Violence

Violence levels in Iraq, as measured by weekly overall security incident levels and including all reported attacks against civilians, the ISF, and Coalition forces, have averaged 147 per week this reporting period and remained consistent with the last reporting period. Despite the consistent levels of violence, violent civilian deaths across Iraq have increased this reporting period, due to an increase in HPAs conducted in the month of April 2009. The daily average number of civilian deaths due to violence increased from 7.7 per day to 9.2 per day. Although HPAs caused a number of civilian deaths during the reporting period, these attacks have not rekindled a cycle of ethno-sectarian violence, as evidenced by the fact that Iraq's reported murder rates remained at the lowest levels recorded by the Coalition.

Since the last reporting period, the average number of attacks executed daily increased. Four of the 18 provinces, Baghdad, Diyala, Ninewa, and Salah ad Din, contain approximately half of Iraq's population and accounted



for 80% of these attacks. Attacks in Ninewa Province increased by 50%. Insurgents continue to adapt their tactics and have increased the use of RKG-3 anti-armor grenades to attack Coalition force convoys, a tactic primarily used in Baghdad and in the provinces north of Baghdad. Monthly RKG-3 attacks have almost doubled during this reporting period.

High-Profile Attacks

During this reporting period, the number of monthly HPAs, including HPAs found and cleared, increased from the previous reporting period, which had the lowest level since the spring of 2004. AQI retains the intent and capability to carry out spectacular attacks. During this reporting period, 60% of all casualties were from HPAs, mostly due to increased activity in April 2009. AQI's use of person-borne improvised explosive devices (PBIED) remains a key tactic, as PBIEDs continue to be a deadly weapon in the insurgent arsenal and are most commonly associated with AQI.

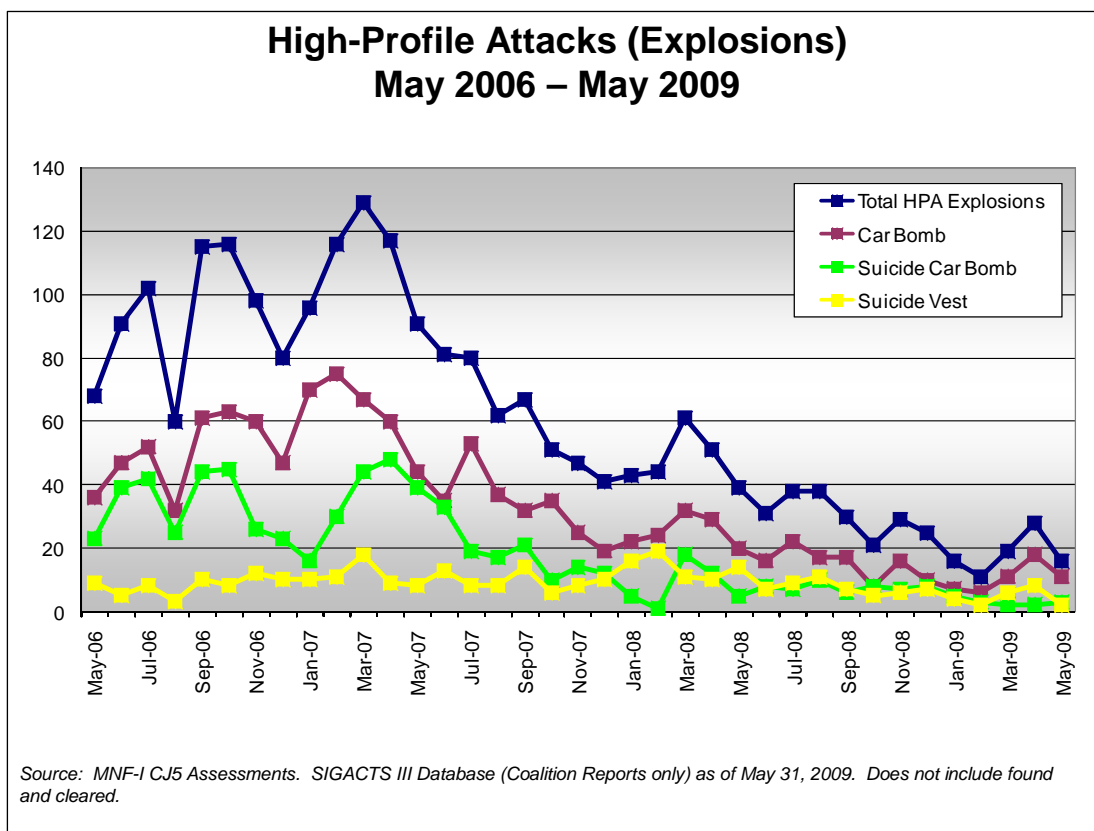
Explosively-Formed Penetrator

Levels of explosively-formed penetrator (EFP) incidents remain low and are consistent with those seen in early 2006. With so many key extremist militant leaders detained, exiled, killed, or driven into hiding, multiple intelligence reports indicate the remaining lower-level fighters are struggling to obtain and place EFPs to execute attacks. Increased border and clearing operations in southern and central Iraq also disrupt the movement and storage of EFP components to Shi'a militants. Over the past four months, intelligence reports suggest arms and component facilitators are experiencing increasing difficulties in transiting the borders and accessing caches. However, those individuals and munitions that do make it into Iraq from Iran frequently have more sophisticated weapons and better training.

Insurgent and Militant Groups

Shi'a Extremist Groups

ISF and Coalition forces continue to target Shi'a extremist groups, impeding their operations. Nevertheless, leaders of these groups still trickle back into the country,

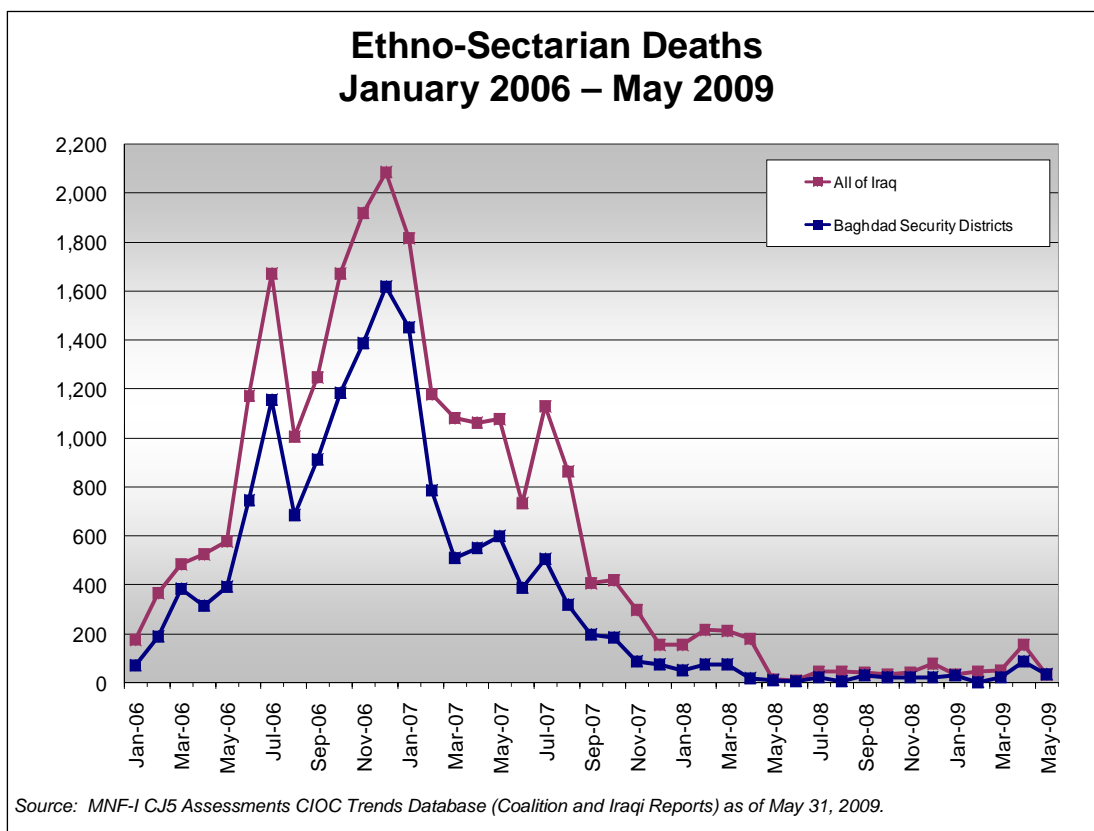


maintaining a low profile to avoid attracting the attention of ISF and Coalition forces. Muqtada al-Sadr's primary objectives remain transforming the Sadrist movement and public outreach, in an attempt to repair the movement's negative public image in preparation for national elections. Muqtada al-Sadr's statements in January and March 2009 continue to convey anti-western and anti-Coalition sentiment but have become increasingly conciliatory toward the GoI. The recent increased public outreach is intended to draw Shi'a back to his movement, undermine opposition groups, and demonstrate his personal control over the Sadrist support base. Sadr's focus has been on transforming his JAM militia into the social, religious, and cultural group, *al Mumahiddun*. He has pursued a parallel effort in developing his militia wing, the PDB, which continues to slowly develop. While *al Mumahiddun* claims to be non-violent, the PDB has shown they have the capability to conduct attacks and has recently published video of attacks for which they claim responsibility. Sadr maintains focus on reestablishing his importance through the growth of *al Mumahiddun* and by using the

PDB's continued militancy to recruit disenfranchised militants from his rival AAH. This effort is intended to unite those opposed to the presence of Coalition forces. Shi'a extremist groups, including PDB, AAH, and KH continue to be plagued with internal problems, including personal rivalries, disagreements over plans, policy and direction, confusion over orders and operations, and the continued absence of leadership in Iraq, leaving them susceptible to increased ISF and Coalition targeting.

Sunni Insurgents

Reasons for Sunni Arab violence in Iraq are numerous, but some significant motivators include economic concerns, religious extremism, the continued presence of Coalition forces, the perception of GoI targeting of SoI leaders, and the perceived lack of assistance from the GoI for the Sunni community. Due to high unemployment and underemployment rates and an overall environment of economic difficulties, many low-level Sunni insurgents continue activities in order to earn an income. Inter-group cooperation at lower levels to achieve mutual goals is common. In addition



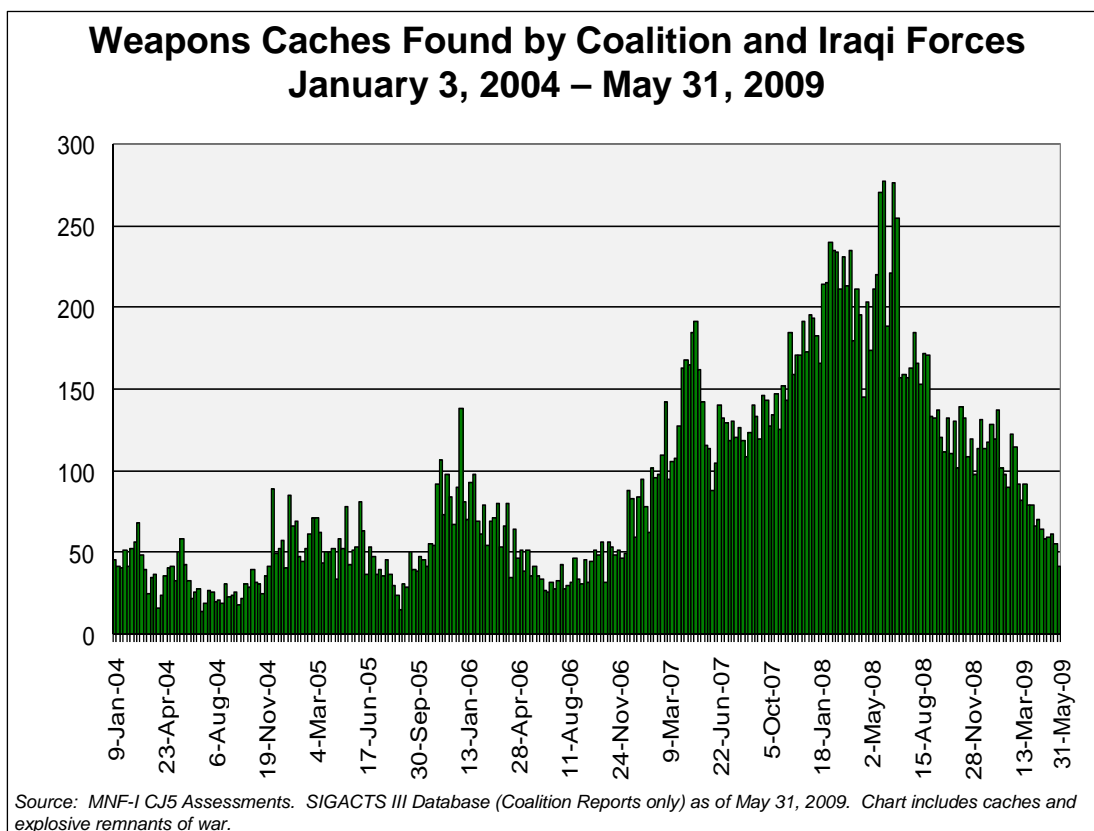
to money, a small number of hard-line Sunni insurgents continue to draw motivation from a desire to return to power in Iraq. These individuals will continue attempts to destabilize Iraq with the intent of discrediting the GoI. Religion and nationalism also play a part for a small number of Sunnis who conduct attacks either to expel the “occupiers,” remove perceived Iranian influences, or highlight instances where Islamic Law may have been violated. There is also an unknown level of Sunni violence attributable to common criminal activities, personal grudges, or tribal rivalries.

Al Qaeda in Iraq

Despite significant leadership losses and a diminished presence in most population centers, AQI continues to conduct periodic, targeted HPAs, albeit at a reduced rate compared to 2006-2008. AQI is increasingly focusing its rhetoric and its attacks against Iraqis, including the GoI, ISF, and civilians, in an effort to discredit the GoI and incite sectarian violence as Coalition troops prepare to draw

down. In upcoming months, AQI may attempt to take advantage of political and security changes, including detainee releases and growing ISF responsibility for security, in an effort to reassert its presence in some areas of Iraq.

AQI is experiencing significant hardship in northern Iraq, although Ninewa Province remains the group’s logistical and support center. Improved security, combined with Coalition forces and ISF operations, continue to degrade AQI’s leadership and operational capabilities. These internal network pressures in late 2008 caused AQI to reduce foreign fighter movement into Iraq. Despite the increase in HPAs in recent months, the overall low number of attacks, combined with AQI’s degraded media apparatus, has diminished external support and funding for AQI. Nevertheless, AQI has remained viable by evolving into a more indigenous organization, increasingly relying on Iraqis for funding and manpower.



Security Assessments by Region

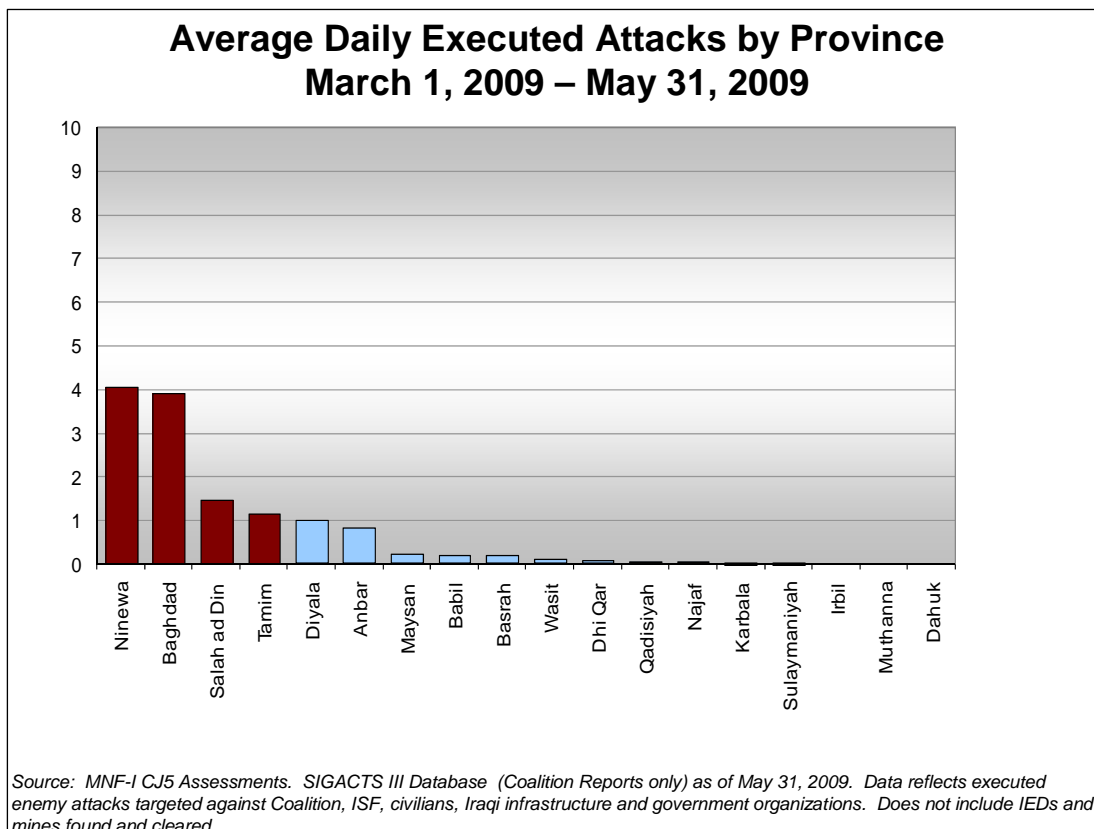
Assessment of the Security Environment – Baghdad

MNF-I currently assesses that AQI or Shi'a extremist elements remain responsible for most violent activity within the Baghdad Security Districts. Militant Shi'a groups, including AAH, PDB, and KH, maintain cells in Baghdad. The difficult operating environment has caused many leadership figures to stay in Iran, while encouraging subordinates to prepare for future operations in Baghdad. These groups have not renounced armed violence and continue attempts to reestablish networks despite arrests and disruptions. These and other militant groups continue low-level operations, indicating residual will and capability, even as Coalition forces continue to discover weapons caches. Overall, attacks by AAH and KH, and possibly the PDB, occur intermittently and mostly target Coalition forces in Baghdad. Infrequent improvised explosive device (IED), EFP, and indirect fire attacks demonstrate that AAH, PDB, and KH maintain capability for lethal operations in Baghdad.

AQI also maintains cells in and around Baghdad with the intent to remain relevant and undermine the GoI, but AQI's ability to operate is significantly constrained by GoI security initiatives. While AQI's presence continues to decline inside the capital, the group seeks to re-establish itself in Baghdad and the surrounding areas and maintains the ability and desire to carry out HPAs designed to cause high levels of casualties through the use of suicide bombers and vehicle-borne improvised explosive devices (VBIED). Sunni resistance activity in Baghdad has steadily declined since early 2008, with more activity on the peripheries than in central Baghdad.

Assessment of the Security Environment – Western Iraq

Since the previous report, attacks in Anbar Province remain constant at less than one per day. In Fallujah, there were few HPAs during the last reporting period, and there was only one HPA during this reporting period. Many elements of the Sunni insurgency seem to have transitioned to either political activity, participation in the SoI, or have otherwise ceased



attacks on the ISF.

Coalition, Iraqi Army (IA), Iraqi Police (IP), and tribal initiatives continue to make significant progress in the western region of Iraq against the capabilities and operations of AQI. Significant discoveries of caches, combined with arrests of key AQI members, have made it difficult for AQI to carry out large scale operations or regain a foothold in the area. AQI in the West continues infrequent attacks in an effort to discredit ISF and the political process. AQI's attacks in the region focus on destabilizing security gains to intimidate and influence the local populace.

Assessment of the Security Environment – Northern Iraq / Central Iraq

Violence in northern and central Iraq remains an issue, particularly in Ninewa, where AQI remains focused on retaining an urban foothold and is actively targeting the ISF, local government leaders, and Coalition forces. Consistent with past tactics, techniques, and procedures, AQI continues to employ VBIEDs and suicide attacks to degrade security gains and improve its freedom of movement.

Despite their continued activities, AQI has been heavily targeted by the GoI and the Coalition and continues to lose operational capability. AQI members occasionally cooperate with Sunni insurgent groups to maximize resources. The extent of the cooperation is mostly local, as Sunni insurgents periodically cooperate locally for specific missions with AQI and other groups, often without input from strategic leadership. Both Sunni insurgents and AQI continue their campaign to intimidate the ISF, local government leadership, and civilians throughout the region. All Sunni armed groups have propaganda campaigns designed to give the impression of strength to their members and future recruits.

The lack of an agreed mechanism for sharing authority and resources in northern Iraq among Kurds, Arabs, and other groups, including Turkomen, Christians, and Yezidis, continues

to drive tensions. AQI, as well as other Sunni insurgent groups, seek to exploit this tension. The presence of Kurdish Peshmerga and Kurd-dominated IA units beyond the KRG boundaries exacerbates tensions and fuels the belief that the GoI and the Coalition are allowing the Kurds to act unchecked. Coalition forces present in the disputed areas continue to play a key moderating role between Peshmerga and GoI forces.

Attack levels in Ninewa have trended slightly upward since the last reporting period but remain below pre-November 2008 levels, a good indicator that AQI remains pressured in a key historical stronghold. As AQI has experienced a loss in operational capacity, Sunni insurgents throughout north and central Iraq remain less active due to Sunni involvement in provincial elections and positive effects from local SoI programs, though the group will likely continue to stage periodic HPAs, particularly against GoI targets.

Assessment of the Security Environment – Eastern Iraq (Diyala)

As it has been throughout Iraq, Sadr's cease-fire continues to contribute to the decreased violence in Diyala, allowing ISF and Coalition forces to focus on targeting AQI, Sunni rejectionists, and other, predominantly Sunni, criminal elements. GoI-led operations in Diyala continue to pressure AQI, forcing them into the sparsely populated areas within the Hamrin Mountains, where they still maintain freedom of movement. AQI continues to exploit the province's diverse ethno-sectarian tensions, uneducated populace, and rural areas. Although the ISF continues to make progress toward the GoI objective of improving security in the province by eliminating insurgent support and setting the conditions for economic recovery and the return of displaced citizens, the perception of disproportionate targeting of Sunnis has strained sectarian relations.

Despite the intention to remove extremists and militants and facilitate the return of displaced persons, GoI-led operations from late July

through October 2008 increased ethnic and sectarian tensions in Diyala, which have remained high. Sunni leaders in the province perceived operations as an attempt to stunt their political development before provincial elections. Despite this perception, Sunnis generally remain engaged with the GoI and appear to have achieved a representative voice on Provincial Councils in northern Iraq following elections. Kurds initially reacted negatively to GoI operations into and north of the Hamrin Mountains, viewing this as a means for the GoI to exert Arab presence in one of the disputed territories. The Kurds had maintained relative stability in the Khanaqin district prior to GoI operations. Coalition forces are positioned to moderate these tensions, and cooperation between the ISF and Peshmerga has improved in Diyala.

Assessment of the Security Environment – Southern Iraq

Reporting from the southern provinces remains markedly positive. The population supports the GoI's security initiatives, preferring relative normalcy over lawlessness and violence. Shi'a militant groups remain the primary threat to southern Iraq. During the last quarter, AAH and KH experienced difficulties in maintaining their networks and conducting operations in southern Iraq, while PDB struggled to solidify leadership and establish an operational capacity. AAH must compete with Sadr, keep members from leaving for the *Mumahiddun* or PDB, and avoid targeting by ISF. KH continues to suffer from degraded operational capability and the detention of leadership and lethal aid facilitators, but they are determined to rebuild. Leaders from both groups have attempted to return to Iraq from Iran, only to encounter unfavorable operating conditions. ISF control and positive presence in the Shi'a South helps ensure violence maintains a downward trend. Despite the improving security environment, Shi'a militant groups seek to reconstitute their damaged networks and demonstrate their capabilities through low-level residual violence. The lead-up to provincial elections saw tensions among

competing parties increase, yet the elections were conducted without violence.

On March 31, 2009, U.S. forces took responsibility for Multi-National Division-Southeast as British forces transition home through the end of July 2009. Increased attacks on Contingency Operating Base (COB) Basrah are anticipated as militias attempt to give the appearance that they have forced the British out of Iraq once again.

Assessment of the Security Environment – Kurdistan Regional Government Area

The KRG remains the safest and most stable region of Iraq, although isolated acts of terrorism occasionally occur. The relatively homogenous Kurdish population and the presence of the Kurdish security forces mitigate the threat of AQI or other terrorist attacks in the North and reduce ethnic tensions that plague other Iraqi cities. Turkey and Iran continue to attack Kurdish terrorist groups along their borders with the KRG. These attacks have been conducted against sparsely populated areas in the mountains and have not led to significant numbers of refugees or collateral damage.

The results of provincial elections in January 2009 reduced Kurdish influence in the disputed areas, including northern Ninewa, Salah ad Din, and Diyala. The transfer of power from the Kurds to the pro-Sunni al-Haadba Gathering in Ninewa, in particular, has increased Sunni representation but also contributed to Arab-Kurd tensions. Al-Haadba may call for the removal of Peshmerga from the province, which would increase tensions further in the area and possibly lead to a standoff between IA units and Peshmerga, similar to what occurred in Khanaqin in September 2008. In fact, in many disputed areas adjacent to the KRG in Ninewa, Diyala, and Tamim Provinces, tensions have increased between the ISF and the Kurdish Peshmerga. These areas are ethnically mixed and resource-rich, and both the KRG and GoI assert security primacy but have not worked out a clear political

arrangement. As U.S. forces depart and the profile of ISF units such as the 12th IA division near Kirkuk increases, opportunities for miscalculation or provocation will be numerous. For now, it appears unlikely the IA or Peshmerga will intentionally instigate a military confrontation, preferring to see whether negotiations can manage acceptable results. However, continued Coalition involvement is critical to help manage this delicate situation.

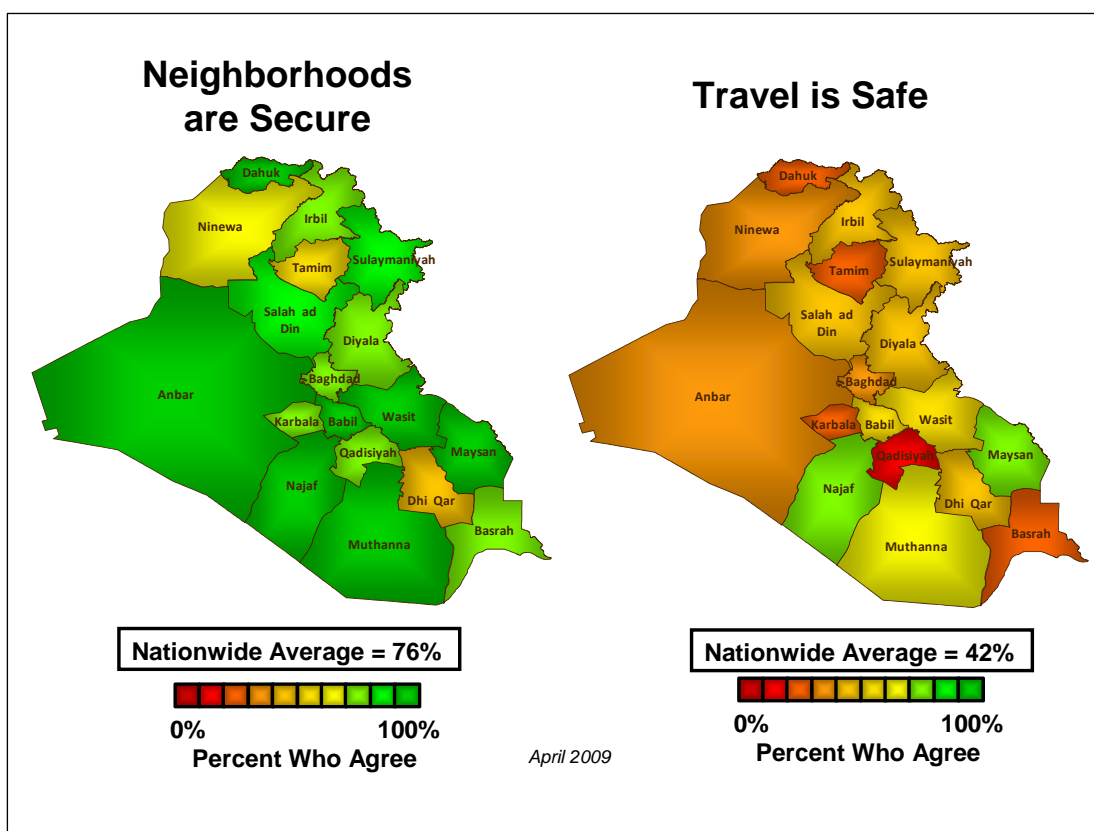
Public Perceptions of Security

Iraqis generally believe the security situation is better locally than nationally. Research conducted in April 2009 reveals that 76% of Iraqis described the security situation in their neighborhoods as calm, which is almost unchanged for the last report of 77% in January 2009.¹⁴ When asked the same question about their governorate and Iraq as a whole, 60% said the situation was calm in their governorate, and 31% of Iraqis said the situation was calm nationwide.¹⁵ This showed a three-percentage-point increase in perceptions of security at the governorate level and a two-percentage-point increase nationwide since January 2009.

The majority of Iraqis (90%) feels that the security situation has remained constant or improved in their neighborhood over the last six months.¹⁶ This is nearly unchanged when compared to January 2009. When asked about the security situation in the country as a whole, 86% felt it had either stayed the same or gotten better.¹⁷ This is also unchanged since January 2009. April 2009 nationwide research indicates that 42% of Iraqis feel safe traveling outside of their neighborhoods, basically unchanged when compared to the last report.¹⁸ Although many Iraqis felt safe traveling, 65% reported that their movements were sometimes restricted.¹⁹

When asked about their perceptions of the ISF, 72% of Iraqis said they feel secure when they see the IA in their neighborhoods, and 66% said they feel secure when they see IP in their neighborhoods.²⁰ This shows a two-percentage-point increase in trust in the IA and a four-percentage-point increase in trust of the IP since January 2009. Nationwide, Iraqis have a higher regard for the IA than the IP.

When asked in April 2009 if they believed the



GoI was effective at maintaining security, 46% of Iraqis said the GoI was effective; this represents no change from the January 2009 data.²¹ When asked to rate the level of peace and stability of the country, 56% of Iraqis said Iraq was stable, a five-percentage-point increase since January 2009.²² Nationwide research in April 2009 also indicates that 75% of Iraqis believe that the IA is winning the battle against terrorists and that 65% of Iraqis believe the IP is winning the battle against crime.²³ This is a three-percentage-point increase in perception for the IA and a four-percentage-point increase for the IP since the last report.

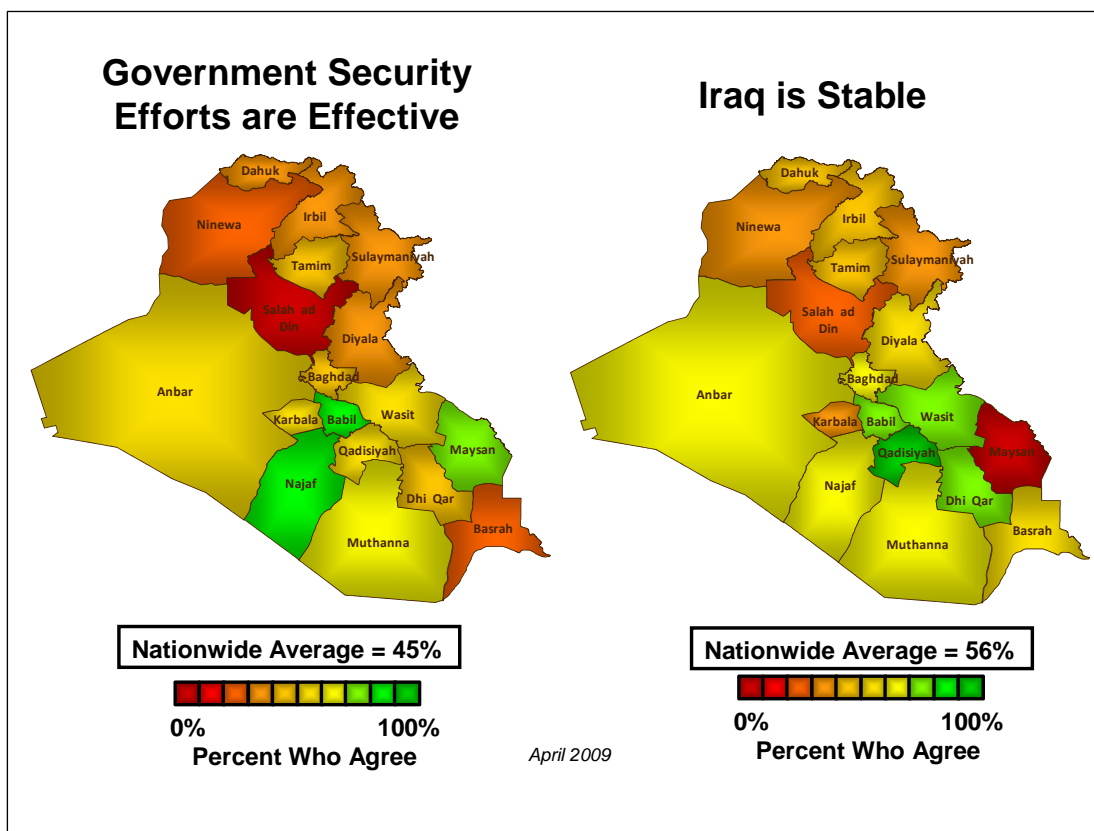
When asked who they would go to first to report a serious crime, 44% of Iraqis said the IP, while 29% stated the IA.²⁴ When asked who was most responsible for providing security in their neighborhoods, Iraqis responded that the IA (39%) and the IP (40%) are most responsible for providing security in their neighborhoods.²⁵ Relatively few Iraqis said the SoI (3%), people from their tribe (6%), neighbors (2%), militias (0%), religious leaders (2%), or Multi-National Forces (2%) were most

responsible for providing security.²⁶

When asked in April 2009 if they had confidence in specific groups to protect them and their families from threats, Iraqis had the highest confidence in the IA (87%).²⁷ When asked about other groups, 83% of Iraqis had confidence in the IP, 74% had confidence in their provincial government, 66% had confidence in their local government, and 72% had confidence in the national government.²⁸ Confidence in the Multi-National Forces was much lower at 27%.²⁹ In a continuation of trends from November 2007, Iraqis place their highest trust and confidence in the IA, the IP, and the GoI to protect them and to provide security.

Conclusion

Security progress held steady during this reporting period, but the situation in Iraq remains fragile. Security trends across the country have not dramatically changed since the last reporting period, but they remain significantly better than 2008. Nevertheless, Iraq still remains susceptible to a sustained



campaign of high-impact attacks that have the potential to destabilize the government and enflame ethno-sectarian tensions. Sunni insurgent groups, particularly AQI, remain capable of conducting such attacks.

There has been steady growth in the capacity, capability, and professionalism of the ISF. The

ISF are in the lead in operations across Iraq, and enjoy a high level of confidence among Iraqis, though they continue to rely heavily on Coalition forces for supporting enablers. Coalition training and advising of the ISF continues, with increased emphasis on the development of the IP.

1.4 Transferring Security Responsibility

On January 1, 2009, United Nations Security Council Resolution (UNSCR) 1790 expired, and the SA between the United States and Iraq entered into effect. Under its provisions, the GoI has assumed security responsibility for all 18 provinces. As the GoI assumes the lead in maintaining security for the Iraqi people, U.S. forces continue to provide support to the ISF as they conduct security operations in Iraq, consistent with U.S. obligations under the SA. The focus of U.S. forces has begun to shift toward mentoring and advising the ISF and away from taking a directive role in security operations.

Strategic Framework Agreement and Security Agreement

The U.S. and the GoI negotiated two historic agreements that address aspects of a long-term relationship between two sovereign nations. The SFA formalizes the U.S.-Iraqi relationship with strong economic, diplomatic, cultural, and security ties and serves as the foundation for a long-term cooperative relationship based on mutual goals. The SA governs the presence of U.S. forces in Iraq, provides Iraqi authority for combat operations and detention activities, and provides the time frame for the U.S. drawdown from Iraq. It ensures vital protections for U.S. forces and provides operational authorities for U.S. forces to sustain the positive security trends in Iraq as they transition to a supporting role. SA implementation arrangements between the United States and Iraq are ongoing, and the SA may be submitted for a nationwide referendum coterminously with parliamentary elections in January 2010.

Joint Iraqi – U.S. Committees

The U.S. and the GoI are implementing the SFA and SA through Joint Committees (JC) designed to facilitate a deliberative, purpose-driven process that is implemented in the spirit of partnership and reinforces Iraqi sovereignty. The SFA JCs consist of four Joint Cooperation Committees (JCC) supported by a total of 18 working groups (WG) designed to facilitate the SFA implementation. The Law Enforcement and Judicial JCC has three WGs: Higher Judicial Council; Ministry of Justice; and Ministry of Interior. The Cultural,

Educational, and Scientific JCC has five WGs: Ministry of Education; Ministry of Higher Education; Ministry of Culture; State Ministry for Tourism and Antiquities; and Ministry of Youth and Sports. The Services and Information Technology JCC has six WGs: Agriculture Sector; Information and Communications; Transportation Sector; Health Sector; Electricity and Essential Services; and Environmental Cooperation. The Economic and Energy JCC has five WGs: Public Financial Management and Financial Issues; Trade and Investment; Oil and Gas Sector; Electricity Sector; and Industry and Private Sector Development.

The committee structure for implementation of the SA consists of a Joint Ministerial Committee (JMC) that is charged with the actual implementation and interpretation of the SA. Directly subordinate to the JMC are the Joint Military Operations Coordination Committee (JMOCC) and the JC. The JMOCC oversees coordination of all military operations. The JC deals with all issues outside the exclusive competence of the JMOCC. Directly subordinate to the JMOCC and JC are a total of 12 Joint Sub-Committees (JSC). The JMOCC has four JSCs: Green Zone Security; Military Operations, Training and Logistics Support; Transfer of Security Operations; and Vehicles, Vessels and Aircraft Movement. The JC has eight JSCs: Claims; Detainee Affairs; Entry and Exit; Facilities and Agreed Upon Areas; Frequency Management; Import, Export and Mail; Jurisdiction; and Surveillance and Airspace Control.

Drawdown of U.S. Forces

The President's 19-month drawdown plan for U.S. combat brigades is compatible with the SA, which requires U.S. combat forces to withdraw from Iraqi cities and localities by June 30, 2009, and for a complete withdrawal of all U.S. forces by December 31, 2011. The initial transitional force to be put in place by August 31, 2010, will execute a more limited mission set (training and assisting the ISF, providing force protection for U.S. military and civilian personnel and facilities, conducting targeted counter-terrorism operations,

and supporting civilian agencies and international organizations in their capacity-building efforts).

U.S. and ISF Commanders and staffs are collaboratively planning to produce a joint security assessment study that will be presented to the GoI. This effort will be accomplished in accordance with the SA and will include the disposition of Coalition force elements based on a joint U.S.-Iraqi assessment of the operational situation and ISF readiness levels in the urban areas of Iraq. Additionally, the MNF-I Commander has judged that the ISF are ready to accept responsibility for the security of Iraq's cities by June 30, 2009, as stipulated by the SA.

Release of Detainees Under the SA

Releases and Transfers

It is the U.S. intent to release or transfer 1,200 - 1,500 detainees each month, in a safe and orderly manner, in conjunction with the GoI.

Release Operations

U.S. forces provide detainee release lists and scheduled ceremonies to the Detainee Affairs JSC and the GoI Security Committee at least one month before releases are scheduled. The Security Committee reviews the list, identifies detainees who are wanted by the GoI, and the U.S. takes those detainees off the list. As of May 2009, the GoI has reviewed 4,500 detainee summary cases, has provided warrants for 353 of them, and has approved the remaining detainees for release. Of those approved by the GoI, Coalition forces have released 2,527 detainees since February 1, 2009. As agreed to in the JSC on Detainee Affairs, the U.S. will continue to release about 750 detainees per month, each month, starting in April 2009. These releases, in conjunction with transfers to GoI custody, will result in the release of approximately 1,250 detainees from Coalition force custody per month over the next several months.

Warrants

The Iraqi Security Committee has identified 353 detainees with arrest warrants thus far. The U.S. is holding the 353 pending transfer to the GoI for trial.

Transfers

U.S. forces hold 1,829 detainees who can be placed into the Iraqi criminal justice system. There are 353 detainees with warrants, 472 convicts, and 1,004 detainees who have completed investigative hearings and are awaiting trial. In coordination with the JSC on Detainee Affairs, the U.S. will transfer 500 of these individuals per month to Rusafa Prison, beginning in May 2009.

Detainee Threat Category

As of May 18, 2009, there are 11,580 detainees in Coalition force custody. Most detainees released so far in 2009 are low-threat detainees who should pose limited danger to the safety and security of Iraq. After 2,527 releases, approximately 5,100 low-threat detainees remain in Coalition force custody, all of whom should be released or transferred by September 2009. There are approximately 5,600 medium-threat detainees in custody to be released or transferred after the low-threat detainees, but before the end of 2009. There are approximately 1,900 high-threat detainees. MNF-I is working to obtain warrants from the GoI for these detainees; however, those detainees the GoI is unable to prosecute will be released starting in January 2010.

Records

The U.S. is in the process of providing all detainee fingerprints to the GoI, and all records were provided to the GoI by the end of April 2009. To date, the U.S. has provided 5,500 fingerprints of primarily high- and medium-threat detainees. The rest of the fingerprints of all detainees held in Coalition force custody on January 1, 2009, will be provided as soon as possible. The U.S. also provides the GoI full biographical information, a photograph, and a case summary for all low-threat detainees one month before they are released. The U.S. will provide all the same information for medium-threat and high-threat detainees at least 75 days in advance of the proposed release date, plus all useable evidence from their case files.

Iraqi Technical Team

The Detainee Affairs JSC has arranged for a team of Iraqi experts to work at Camp Cropper where they will have access to intelligence information

for all medium-threat and high-threat detainees. They will also have the ability to gather further evidence for detainees with warrants.

Status of the Coalition and the NATO Training Mission-Iraq

In addition to the SFA and SA reached with the United States, the GoI has negotiated Memoranda of Understanding (MOU) with the UK, Australia, and Romania for military forces from those countries to continue supporting Iraqi security efforts through July 31, 2009. The UK was negotiating an agreement for the continued presence of approximately 400 UK military personnel beyond July 31, 2009; however, negotiations stalled due to disagreements with the GoI over jurisdictional immunities for UK personnel. As a result, the GoI agreed only to the continued presence of the UK's naval training and maritime mission, which includes 100 trainers and five naval ships and their crews. All other Coalition partners have completed their missions in Iraq.

The GoI and NATO have negotiated an agreement to enable the NATO Training Mission – Iraq (NTM-I) to continue specified training missions until July 2009; follow-on negotiations to extend this training package are ongoing. NATO's Assistant Secretary-General Howard visited Iraq on March 21-22, 2009, to conclude discussions for an MOU between NATO and the GoI. Assistant Secretary-General Howard and the Minister of Defense initialed the agreement, which was then signed by NATO Secretary-General Scheffer during his visit to Iraq on April 8-9, 2009. President Talabani also signed a letter of assurances drafted by NATO's legal advisor. NATO hopes to sign a long-term MOU with the GoI that will allow extension of the mission past July 31, 2009, potentially through 2011.

Base Turnover Status

In accordance with the SA, property in the possession of Coalition forces continues to be

returned to the GoI, and the ISF continues to assume greater responsibility for security. One critical area witnessing such transition includes the properties within the International Zone (IZ). Through various sub-committees enacted as part of the SA Implementation Plan, significant properties within the IZ have already been responsibly transferred to the GoI, and plans exist to continue the process through late 2010, when most properties will be transferred. Equal progress is being made in transferring security of the IZ to the ISF. Of note, the ISF aggressively partnered with, and received training from, U.S. forces on Entry Control Points (ECP) operations, associated specialized equipment, Quick Reaction Force procedures, and command and control procedures. The ISF currently have primary responsibility for all IZ ECPs, while U.S. forces remain in overwatch, incrementally decreasing their presence as ISF capabilities increase.

On December 28, 2008, MNF-I delivered a list of all facilities and areas to the GoI that are currently occupied by Coalition forces. MNF-I is currently in the process of developing a second list of all facilities and areas that will be in use after June 30, 2009, the date by which all U.S. combat forces are scheduled to be removed from cities, villages, and localities in accordance with the SA, unless requested by the GoI to remain. MNF-I will continue to return and close bases over the next 15 months as U.S. forces conduct a drawdown and move toward the Transition Force just prior to a change of mission on September 1, 2010. Since October 2008, MNF-I has closed or returned to Iraqi authority 150 bases and facilities in the IZ and across Iraq. As needed, and when mutually agreed upon, the United States intends to keep forces on bases as tenants after those bases are returned to the GoI. As part of the responsible drawdown of U.S. forces in Iraq, MNF-I will continue to return or close bases until all bases are returned or closed, no later than December 31, 2011, in accordance with the SA.

Section 2—Iraqi Security Forces Training and Performance

As of April 30, 2009, the Iraqi Security Forces (ISF) numbered approximately 645,000 forces in the Ministry of Interior (MoI), Ministry of Defense (MoD), and the Iraqi National Counter-Terrorism Force (INCTF).³⁰

The MoD has approved a force structure for counterinsurgency (COIN) operations that includes 14 Iraqi Army (IA) divisions (13 infantry and one mechanized) and support forces; a Navy of 2,700 personnel, including two marine battalions; and an Air Force of 6,000 personnel. Additionally, the INCTF, with a projected end strength at steady state of 8,500, is contributing significantly to the COIN effort. Further modification in the military force structure will occur this year, given the need to develop logistics units and enabling capabilities for tactical units, such as engineering; bomb disposal; medical evacuation; signal; and intelligence, surveillance, and reconnaissance (ISR) assets.

The MoI continues to make organizational and strength adjustments in its forces as violence levels continue to decrease and allow an increased focus on community policing, a growing recognition of the right of all Iraqi citizens to the impartial application of Iraqi law, and enforcement of Iraqi laws in concert with the judicial transition to evidentiary-based prosecution. Although there are delays in equipping and basing, the MoI's existing functional systems for procurement, budget, and real estate acquisition will, in time, meet force generation and organizational requirements throughout its forces, which include the NP, Station Police, Traffic Police, River Police, Border Police, Oil Police (OP), Facilities Protection Services (FPS), and other emergency response organizations. However, 2009 budget constraints will limit MoI expansion of security forces and degrade equipping and sustainment throughout 2009.

Diminishing budgets may make achieving total ISF (MoD and MoI) requirement goals less likely.³¹ The MoI struggles with training capacity due to generally poor facilities, budget shortfalls, and a lack of qualified instructors, and the MoD faces budget constraints, logistical and sustainment challenges, and a recruiting shortfall. These factors will delay achieving the desired 2009 force levels required for the present planned force structure.

The GoI continues to assume broader ownership for increasing fiscal commitment to its security forces and to MoD and MoI programs. Budget execution, however, remains a significant concern. Although the MoI has demonstrated an improved ability to obligate its budget, the MoD struggles, particularly in the areas of support, sustainment, and infrastructure projects. Inter-ministerial budget coordination with the Ministry of Finance (MoF) is improving but remains problematic due to cumbersome analog procedures. In light of the decline in the market price of oil, MoD and MoI funding increases will be constrained by declining Iraqi revenues and large budget deficits.

Accelerating the growth of logistics-capable units and pursuing enabling capabilities remain top priorities, as does the effort to expand ministerial capacity within the MoD and MoI. MNSTC-I advisory teams continue to work closely with both the MoD and MoI to improve the accuracy and frequency of their personnel reporting systems. The number of MoI personnel assigned continues to exceed personnel trained, as rapid hiring in 2007 and 2008 outstripped training center capacity and throughput. Also, as additional missions are transferred to the MoI (e.g., OP, Electricity Police, and FPS), personnel are transferred with limited training and inadequate equipment, creating a backlog of untrained and uncertified personnel. Ongoing efforts to expand MoI training throughput (e.g., training instructors,

building infrastructure, etc.) will help remedy this training shortfall, while the focus on procurement, distribution, and sustainment will address equipping issues over time.

The GoI has not published orders directing changes to the current security responsibilities for the ISF. However, the Prime Minister has directed that the Baghdad Operations Command and the IA will be the lead agents for security in Baghdad into 2010. Any planning for transitioning the lead for securing the populace in Baghdad to the Baghdad Provincial Director General of Police and the Iraqi Police (IP) has been suspended. In some of the other Iraqi provinces, the IA and the IP have developed close working relationships. These relationships will enable a smooth transition of security responsibilities to the IP in those provinces when the IA eventually withdraws from the cities.

2.1 Assessed Capabilities of the Iraqi Forces

The Coalition's four areas of focus to develop the MoD, the MoI, and their forces remain unchanged: support force generation and force replenishment; improve the proficiency and professionalism of Iraqi forces; build specific logistic, sustainment, and training capacities; and develop ministerial and institutional capacity. The four near-term areas of emphasis through mid-2009 also remain unchanged: ensure Iraqi forces continue to improve in logistics, maintenance, and life support; ensure the size, capability, professionalism, and leadership of the ISF enable increasing assumption of additional security roles from Coalition forces; enhance the capabilities of Iraqi Special Operations Forces (ISOF) and Counter-Terrorism Forces (CTF); and ensure Iraqi Air Force (IqAF) and Navy (IqN) growth stays on track.

In January 2009, the IP, supported by the IA, led the security operations in Baghdad for the provincial elections, which resulted in no serious threats to the security of the voters. Immediately following the provincial elections, the IA, in conjunction with the NP,

implemented a complex operation in a sensitive situation to provide security for the Arba'een pilgrimage to the Kahdamia Shrine. Immediately following this, the IA planned and successfully executed all security operations for a delegation of 300 Iranians to view the Kahdamia Shrine and various other Shi'a shrines throughout the Baghdad area. Even with these successes, these operations demonstrated the IA's continued reliance on Coalition enabler support, including ISR, route clearance capabilities, and air weapons teams to provide information feeds to the IA commanders and the necessary movement capability and fire support for successful independent operations. Nevertheless, the IA is increasingly capable and is currently performing independent, unilateral operations throughout Iraq. All U.S. operations continue to be conducted jointly, in concert with the SA.

Recent ISF operations in Baghdad, Ninewa, and Diyala continue to demonstrate the growth and improving capabilities of the ISF. In particular, ISF leadership has improved its command and control (C2) of multiple brigade-sized elements from both the IA and NP, while conducting simultaneous COIN operations throughout all regions of the country. IA brigade and division staffs continue to show steady improvement in planning and executing combined and joint operations, intelligence gathering, information operations, civil-military operations, and limited post-conflict reconstruction operations. Operations Commands are more capable of planning and executing various types of combat operations, and they played a major role in the C2 of the security effort for the January 2009 provincial elections, as well as the Arba'een observances in Karbala. The MoD continues to study the further development of regional and provincial Operations Commands in improving overall C2.

Battalion- and company-level tactical COIN operation execution continues to improve. In Mosul, ISF units continue to plan and execute combined, targeted, cordon and knock operations, establish traffic control points, and

conduct active patrolling and clearance operations. ISOF and Iraqi Special Weapons and Tactics (SWAT) units continue to conduct operations effectively to disrupt AQI and other fighters. However, there remains a critical reliance on Coalition rotary wing assets and other enablers such as intelligence, close air support, and logistical sustainment during operations.

The Transition Team (TT) advisory model has dynamically adjusted as ISF self-sufficiency has improved. In the past, TTs advised a larger number of battalions; now they advise at the battalion level by exception with a focused concentration on advising at brigade and higher levels across the IA, NP, IP, Directorate of Border Enforcement (DBE), and the Ports of Entry Directorate (PoED). This adjustment in focus and methodology reflects the steady progress made by the ISF across battalions.

Ministerial Capacity

Both the MoI and MoD continue to show progress in developing ministerial capacity, albeit slowly and unevenly. To expand institutional capacity, Coalition mentorship and partnership will be necessary for some time to overcome decades of isolation and stagnation in law enforcement and military education and training. A lack of capacity to train civilian management, a shortage of training staff, deterioration of some facilities, and an inability to fill many positions with trained personnel are challenges that continue to hinder the ministries. Currently, many of the Iraqi civilians working in positions inside the MoD and MoI are not yet fully trained and qualified for their positions. In late 2008, the MoD instituted a series of professional qualification courses required for its civilian workforce; the qualification courses are beginning to positively contribute to the professionalization of the MoD staff. Although training on new processes and procedures—with a focus on automation capability—is being offered, many are reluctant to pursue technology-focused training. Additionally, the MoI has begun to take actions to improve communication of

issues and needs between the ministry and the provinces. One example of this is the MoI taking the lead in provincially-focused conferences addressing specific topics such as infrastructure and police force needs.

Budget execution remains an issue where ministerial capacity differs significantly between the MoD and the MoI. The most significant difference between MoD and MoI success in this area—and the reason the MoI is realizing greater progress—is that the MoI effectively delegates decision-making authority, including areas of budget execution, contracting, and hiring. In contrast, all management decisions within the MoD (e.g. approving all but very minor facility maintenance and all contracting requirements) must be approved by the Minister of Defense, and in some cases, by the Prime Minister. Until this process is replaced with delegated decision making, MoD's acquisition, force management, and logistics processes will continue to be hampered. Despite these challenges, both ministries achieved improved budget execution for 2008.

Operationally, both MoI and MoD forces are proving increasingly capable. Operations centers allow MoI and MoD forces to jointly coordinate operations and share information, which has resulted in the apprehension of suspects and the discovery and destruction of weapons caches, as well as successful security planning and executing for safe provincial elections. The ISF continue to actively cultivate community relationships and develop an environment of trust within their communities by performing humanitarian support and engaging in outreach and public information activities to solicit local help to combat insurgents. The ISF are gaining the acceptance of the Iraqi people by effectively demonstrating that their combined accomplishments against terrorist activities make Iraqi communities safer.

MNSTC-I provides subject matter experts in specific fields of expertise as advisors to senior

Iraqi military and civilian officials. These advisors counsel, mentor, and partner with their counterparts. To maximize effectiveness, a new advisor school has been established in Baghdad, providing strategic context and mission focus, as well as an understanding of Iraqi history, society, and culture. This best practice coaching methodology on how best to relate and perform is proving highly effective, reducing adjustment time upon arrival in theater, to the benefit of Iraqi counterparts and the delivery of improved institutional capability. To date, over 300 advisors have completed the training.

Iraqi Forces Proficiency

IA combat battalions continue to increase in both number and capability.³² As of May 2009, there are 185 IA combat battalions conducting operations. Six ISOF battalions are conducting operations. The IqAF continues to expand its operational capability as the Iraqi Air Operations Center (IAOC) now provides scheduling, C2, and execution for over 350 operational and training sorties per week. The IqN continues to strengthen its ability to patrol Iraqi territorial waters and provide point defense for Iraq's two offshore oil platforms and security for the port and towns of Umm Qasr and Az Zubayr. The IqN has assumed responsibility of point defense for one of two major oil platforms. The IqN conducts an average of 42 independent patrols and 35 commercial ship boardings per week, and it maintains an in-commission capability rate of 80% of the Iraqi fleet.

The NP continues to improve the effectiveness of its units. During this reporting period, 60 of 67 NP units were assessed, two units were not assessed, and five units were in force generation (these units will be assessed once they complete forming and are assigned areas of responsibility).³³ Based on the improvement in capability and effectiveness of the NP, Coalition advisors have shifted their focus from battalion-level advising to brigade-level and above. The only exception to this approach is advisor assignments to the newly-formed NP battalions, as these battalions require more

assistance to develop a capability for operations without Coalition support. Coalition advisors will continue to assess NP unit capabilities to distribute and realign training teams more effectively to units requiring additional assistance. The Italian *Carabinieri* continue to train, advise, and assist with the professionalization of the NP. In February 2009, NP training increased from 400 to 900 students every six weeks, significantly increasing the throughput of certified police officers.

The long-term, nation-to-nation strategic relationship continues to mature with out-of-country training opportunities in the United States and many European-based NATO countries. Annually, over 200 seats are available to Iraqis through NATO. The United States and NATO annually fund courses for security ministries to professionally develop their forces. Courses offered include: basic officer leader courses, captain career courses, war colleges, periodic security seminars at the National Defense University and the Marshall Center, general officer development courses, and civil emergency response courses. The U.S. courses and many of the NATO courses require English language proficiency prior to enrollment, which has proven problematic. Consequently, MNSTC-I is working with the security ministries to establish a standard training framework and curriculum throughout Iraqi educational institutions to facilitate the development of a larger pool of English-speaking professionals within the ISF.

Transitioning Security to the Iraqi Security Forces

Since the ratification of the SA, the ISF have become more responsible for providing security in their sovereign nation. All combat operations are now conducted with the IA, in accordance with the SA. In areas of Iraq that are generally secure and have a low threat of violence, the ISF are almost fully in the lead for operations. In other areas where the threat requires major operations, Coalition forces take a larger role in partnering with the ISF to conduct clear, hold, and build-type operations.

ISF Intelligence Developments

The Coalition continues to support GoI development of the Iraqi Intelligence Community (IqIC), created to support senior policy makers and ISF operations. ISF intelligence organizations include the National Information and Investigations Agency (NIIA) in the MoI and the Directorate General for Intelligence and Security (DGIS) and Joint Headquarters (JHQ) Directorate for Military Intelligence in the MoD. They have shown substantial progress in conducting credible intelligence operations and improvements in providing legally sufficient evidence for the Iraqi judicial process. The Intelligence and Military Security School (IMSS), which provides training for ISF intelligence professionals and investigators, has greatly expanded since the last reporting period. The IMSS has more than doubled its training cadre and course offerings, which now include intermediate and advanced courses in most intelligence specialties. Similarly, the NIIA's National Training Center in Baghdad has also expanded its student instructional capacity. Also of significance is the instructor development program sponsored by the Federal Bureau of Investigation to train MoI instructors both at the Baghdad Police College (BPC) and the NIIA Training Center. Significant efforts in curriculum development and review, as well as support for infrastructure improvements, are posturing the NIIA well. However, several significant challenges previously reported still remain largely unresolved for the ISF intelligence organizations. The absence of an Iraqi Intelligence Law that would delineate roles and responsibilities of organizations with clear legal mandates and C2 mechanisms, along with limited, standardized security and clearance protocols to increase sharing of information among other IqIC members, continue to hamper information sharing among the organizations. However, efforts to make operational databases more widely accessible have begun to show results this quarter, with agencies in the IqIC now able to access common basic applications within a shared database.

ISF ground units have made increased use of IqAF airborne ISR assets to generate products. The Coalition continues to promote the use of Iraqi ISR assets to support independent operations by the ISF. The Coalition also continues to promote and support the warrant based targeting process, as well as an overall interaction between intelligence and operations. As a result of Coalition mentoring and partnership with ISF units, Iraqi commanders are demonstrating a better understanding of intelligence support. An increasing number of intelligence sections are responding positively to the expectations of their commanders and providing predictive intelligence rather than simply rudimentary analysis of past events. Throughout the IA, ISR companies are manned and preparing for equipment and systems fielding throughout the remainder of 2009. ISR companies and intelligence sections continue to send individuals to training for Military Operations Specialty (MOS) Qualification. This formal education is complimented by efforts at the IA division level to conduct local training programs.

Training Capacities

Operational since October 2007, the MoD's Ministerial Training and Development Center (MTDC) continues to provide valuable education and training to Iraqi security officials. Initially funded with Iraqi Security Forces Fund (ISFF) dollars, the MTDC has active ties with similar regional and international training and professionalism institutions. The MTDC offers courses in 11 different functions, with direct alignment to the MoD's departments: Policy and Requirements, Intelligence and Security, Finance and Budgeting, Contracting, Inspector General and Human Rights, General Counsel, English Language, Infrastructure, Information Technology, Personnel and Management, and Media and Communications. To date, the MTDC has conducted 170 classes, trained more than 3,000 GoI officials, developed 70 programs of instruction, and transitioned teaching responsibility for 30 courses to Iraqi instructors. The MTDC trains Iraqi Joint Forces (IJF)

personnel, MoD civilians, and officials from the Ministries of Interior, Finance, and National Security, as well as the Counter-Terrorism Command (CTC) and the Prime Minister's National Operations Center (PMNOC). The Iraqi MTDC staff is three times the size of the Coalition's professor staff, and the Iraqis are teaching more than 60% of the course load.

Logistics and Sustainment Capacities

Logistical and sustainment capability remains a major area of focus and is essential for enduring ISF self-sufficiency. ISF have become more competent and self-sufficient over time and have made appropriate organizational adjustments during more recent operations. Although this is an encouraging development at the tactical level, more effort must be directed to the sustainment and logistical support capability within the ISF at the operational and strategic levels. The MoD continues to develop a national supply and distribution network, with a Location Command in support of each IA division. The MoD will co-locate regional life-support assets at these sites to enhance warehousing and distribution capacity. Eight of these Location Commands are nearing completion of construction or refurbishment. The remaining four bases are under construction and will be operational by the end of 2009.

The MoI continues to develop its national and supply distribution network with the BPC Warehouse Complex in general and direct support to national commands, central ministry forces, and provincial headquarters. The MoI began fielding a NP sustainment brigade in October 2008, but new facilities are required to reach full operational status. Once fielding is complete, the NP sustainment brigade will be a mobile organization providing support to the four current NP divisions and separate brigades during operations. The NP will also complete organic support units in each division during 2009.

The Taji National Depot Complex remains the centerpiece for national supply and maintenance services to the ISF. When complete, the

complex will include engine and transmission repair workshops, repair parts warehouses, and wheeled and tracked vehicle maintenance facilities. The theater-capable General Transportation Regiment (GTR) began performing intra-theater transport missions from its new base at Taji in December 2008. Accelerated fielding of the final Motor Transport Regiment (MTR) has significantly reduced Iraqi dependency on Coalition support to move supplies from the port to depot, with additional forward movement to Location Commands and training facility warehouses. In March 2009, the MoD completed the first M1114 depot rebuild at the wheeled vehicle facility, using mostly Iraqi labor and demonstrating increased capability to operate its fourth-line maintenance.

MNSTC-I continues to use the Taji National Depot Complex as a fielding and training platform for the ISF. By the end of June 2009, the Coalition will have transferred over 6,000 M1114s and fielded over 275 Iraqi Light Anti-Armor Vehicle platforms. This improves the ISF strategic capability to maneuver throughout the country to protect and patrol areas of interest. Operation and maintenance training is being provided to allow the ISF to develop an enduring maintenance program.

Acquisition Capabilities

The MoD continues to increase its capability to acquire the equipment needed to meet force generation, sustainment, and modernization goals. Currently, there is a significant but necessary dependence on utilizing the foreign military sales (FMS) program to meet the majority of its acquisition needs; however, if a balanced institutional capacity in acquisition is to be achieved, the MoD needs to develop its ability to expedite direct commercial contracts on an international basis.

The MoI is increasing its equipment distribution, procurement capability, and service contracting. Additionally, it has executed significant purchases of materiel and services using the FMS process. A multimillion-dollar repair parts contract for commercial vehicles

was established within the BPC warehouse complex. This commercial spare parts contract will significantly affect parts distribution processes and ultimately improve vehicle readiness rates within the MoI.

MNSTC-I continues to use ISFF to supplement GoI logistics sustainment capacity development for the ISF. GoI funding of this critical area, which includes salaries, training, equipping, and sustainment of the ISF, continues to increase in parallel with the development of a detailed transition and sustainment plan. When complete, the plan will establish sustainment logistics and budgetary requirements that are necessary to ensure the long-term health of the ISF. It will also help guide the development of annual budgetary input for the recurring operations and maintenance (O&M) requirements of the force. As Coalition funding support to ISF O&M reduces to zero, additional Iraqi funds will be required to maintain the force. This process is deliberately advancing Iraq toward management and funding of its own forces.³⁴

Foreign Military Sales

As of April 2009, the FMS program included 122 Iraqi-signed cases in execution valued at \$5.5 billion since its inception in 2005. MNSTC-I is assisting the GoI with an additional 107 FMS cases valued at over \$9 billion that were either offered or being developed in response to GoI Letters of Request. The U.S. Government will continue to explore options to assist the GoI with force generation.

In January 2009, the MoD established the first Iraqi Program Integration Office to oversee the M1A1 tank program. Though tangible results are yet to be seen, this office has been the advocate for the M1A1 support cases in the MoD. There are currently 22 M1A1s on loan and being used at Besmayah to train Iraqi tank crews in preparation for their eventual receipt of their own M1A1s. Iraqi Ground Forces are now participating in the generation and approval process for Letters of Request and Letters of Offer and Acceptance. They have assigned a dedicated point of contact to work

with the Security Assistance Office (SAO) and MNSTC-I advisors and are taking an increased role in providing comments to requirements and capabilities.

The MoI made modest use of FMS during this period but has over \$696 million already deposited in the Federal Reserve Bank trust account to fund future requirements. The major FMS purchase during this period was a \$114.5 million case for 80 armored security vehicles to be used by the NP. The MoI also used FMS to renew an existing O&M case and a K-9 security case at the BPC. Progress has been made on the FMS purchases of heavy construction equipment, road construction, and high-tech border surveillance systems to support the border enforcement mission.

Throughout 2008 and into 2009, many of the initiatives recommended by the FMS Task Force to improve the U.S. process and implementation became a solid foundation for FMS in Iraq. The biggest improvements included the arrival of experienced FMS, acquisition, logistics, and security cooperation personnel to provide training on the FMS program and processes and to work as the primary interface between the Iraqis and their advisory and training teams and the U.S. Security Assistance and Acquisition Agencies. Additionally, the SAO both grew and improved its performance markedly. Consequently, FMS case processing timelines in the U.S. improved significantly.

In-transit visibility of shipments improved significantly, resulting in reduced FMS cargo delivery times, but forecasting projected deliveries and delivery dates remain an obstacle. U.S. Security Cooperation organizations have worked to provide the GoI an accurate picture of previously-delivered major end items and items currently in transit to Iraq, resulting in an improved common operational picture based on daily communications with the ministries. Additionally, a change from Defense Transportation Code (DTC) 9 (door to port), to DTC 7 (door to door), in the Defense Transportation System, resulted in delivery of

FMS items using a single USC-05 Ocean Carrier vice multi-vendor and multimodal transport, leading to faster processing of license exemption waivers, customs clearance, and accelerated delivery times, as well as reduced instances of damage to cargo from reduced trans-load operations.

Execution of FMS in Iraq continues to be hindered by several factors. These factors include diminishing budgets, the lack of ministerial staff capacity in all aspects of defining requirements generation and processing of FMS Letters of Offer and Acceptance, the lack of a budget planning and execution process that allocates funds for needed requirements (leading to insufficient funds for must-pay requirements), and unrealistic accounting expectations of total system ownership costs to include equipment purchase, training, sustainment, and operations costs. These areas are all being addressed through an increased focus on building ministerial staff capacity through MNSTC-I advisors and increased training from the SAO team.

The MoD Force Generation and Modernization plan for 2009 significantly exceeds the projected spending authorizations for 2009, which may require the MoD to significantly reduce its vision to grow, develop, and equip its forces.

2.2 Ministry of Interior

Ministerial Planning Capacity

The MoI's 2009 Strategic Plan represents a substantial improvement over past planning efforts, but it still does not link planning and goals to resource allocation and program management. To remedy this weakness, the MoI's 2010 Strategic Plan developmental team commenced planning in January 2009. The team's work is expected to be a major step forward in both planning and budgeting to better prepare the MoI for future success and autonomy, particularly as funding levels could become tight as the MoF handles other GoI budgetary constraints.

Budget Planning and Execution (Finance and Contracting)

From January through December 2008, the MoI executed \$4.3 billion of its \$5.7 billion allocated budget, which equates to 75%. The major challenge facing the MoI in 2009 is a limited budget of \$5.5 billion as opposed to the \$7.8 billion requirement. MoI budget execution struggles are due to a late budget allocation process (the MoF released the budget to the MoI in late April 2009), slow design and contracting procedures, slow starts on construction projects, and a lack of progress on invoice and payment procedures at the provincial and national unit levels. Increased emphasis and active assistance from the Assistant Deputy Minister of Finance have resulted in improved timeliness of monthly financial reporting.

The MoI continues to be burdened by antiquated Iraqi financial laws that make direct contracting procedures a time consuming process that cannot handle the number of contracts required to obligate the funds for needed equipment and services. The end-of-year transfer of \$674 million into the FMS account, with \$271 million allocated for operational purchases and \$403 million allocated for investments, will ensure these funds will continue to be available for MoI use in 2009.

Acquisition

The Ministry of Planning (MoP) continues to struggle with acquiring land deeds, causing delays in project planning, design, and contracting phases prior to the start of construction. The MoP reports initial expenditures on several construction programs, including a national headquarters for the Customs Police, land purchases for Karbala and Kirkuk police stations, construction of five police stations in Dhi Qar, multiple checkpoints in Maysan, Karbala, and Muthanna, and border forts for the Border Police.

Human Resources

As of April 2009, there are approximately 415,000 personnel assigned to the MoI forces,

of which approximately 380,000 personnel are IP, NP, Border, FPS, and Port of Entry Forces. The MoI is conducting a comprehensive audit process to validate employee rolls and ensure there are no remaining ghost employees in the system. Currently, the MoI is under a hiring freeze due to 2009 budget shortfalls. Further measures aimed at reducing corruption and abuses within the system have been directives to the directorates and local levels to conduct their own audits. These provincial audits will identify deserters, no-shows, and additional inefficiencies within the personnel reporting system. Results from the audit are expected to create hiring opportunities within the MoI.

Operations Command Centers

The MoI's National Command Center (NCC) is improving coordination with other national-level command centers, other ministries, and the Provincial Joint Coordination Centers (PJCC). A major renovation of the NCC, completed in November 2008, enhanced effectiveness through improved connectivity and coordination capabilities. The present C2 reporting system at the General Director of Police-level begins at the PJCC and flows through the NCC and on to the PMNOC. In addition, the reporting system facilitates information sharing with the MoD Joint Operations Center (JOC) and the Baghdad Operations Command.

MoI capacity to plan, coordinate, conduct, and sustain operations continues to improve, though planning efforts remain highly centralized and are not yet thoroughly integrated with MoD plans. Event and deliberate operational planning by MoI Operations Directorate planners meet the mission requirements in support of ministerial operations. The basics of mission planning have been mastered, but logistical support planning requires additional Coalition support in the execution phase. However, joint planning capabilities continue to improve between the MoD, MoI, and other GoI entities and will produce positive dividends in upcoming operations.

Logistics

The MoI's National Vehicle Maintenance Plan is still under development. The overall end state of this plan is to provide policy guidance and assistance in maintaining vehicle readiness to support police operations across Iraq. To that end, the MoI is assessing its existing maintenance capabilities, pursuing training opportunities in order to develop maintenance experts, and executing a \$48 million FMS case to create a web-based supply-chain management system for repair parts. In order to continue the momentum, the MoI must remain diligent in its efforts to keep training initiatives in place. The NP Sustainment Brigade, scheduled to be operational by September 2009, will be capable of accomplishing a wide range of missions, including line-haul transportation, deployable maintenance, supply receipt, storage, and issue for NP divisions, combat health treatment, and mobile fuel storage and distribution.

Training

As the MoI continues to make progress toward increasing training capacity to eliminate the backlog of *Shurta* (non-commissioned entry-level police men and women) requiring Basic Recruit Training (BRT), the focus is shifting toward specialized training. There is also an increased focus on "train the trainer" courses developing self-sufficiency of the Iraqi training program. The MoI Training Qualification Institute (TQI) has launched several initiatives to improve professionalization and quality of training, as well as addressing specific skill sets needed by its operational forces. Specifically, programs are being developed in English language training (ELT), criminal investigation techniques, ethics and human rights, forensics and crime scene management, community policing, police information and intelligence, and technology applications and management training.

The MoI training base is currently capable of training more than 88,000 *Shurta* per year. In addition, 5,600 resident and 9,720 non-resident officers can be trained annually, with a total

student capacity of nearly 25,000 students at any given time. Recently, resident capacity increased to 8,900 as Phase II of the BPC expansion was completed on the main campus. Additional expansion is planned with branches in Mosul and Basrah. In 2008, TQI courses graduated police in human rights instruction (955), instructor certification (385), basic criminal investigation (193), advanced criminal investigation (439), leadership development (1,389), and internal affairs (69). Since the previous report, the MoI has added additional training facilities, with 17 of 19 training facilities now under its full control. The jointly funded MoI training-base expansion plan includes 12 new training centers, as well as expanding six existing training centers. In the meantime, the Coalition and the MoI have collaborated to develop temporary training facility options to further reduce the training backlog.

The Iraqi BPC instructor cadre train all basic officer and commissioner tasks, provide a basic *Shurta* curriculum for all MoI forces, and continue to take on an increasing proportion of the specialized and advanced course loads. MNSTC-I advisors and International Police Advisors (IPA) continue to assist by providing advice, oversight, and quality control assistance in each of these courses. Coalition advisors assist the MoI TQI in a continuous review of BRT and officer curricula to ensure the course standards are consistent with internationally acceptable practices and that courses meet the dynamic needs of the field.

Ongoing professionalization of the basic police forces is crucial to develop and maintain a credible police force. Coalition IPAs work closely with Iraqi curriculum development committees chaired by members of the BPC faculty. A training program curriculum for basic officer (Captain) leadership is complete, with a successful pilot class in December 2008 and full program fielding underway. In addition, a mid-level officer (Major) leadership course and commissioner basic and advanced leadership courses are under development. The

MoI is also pursuing partnerships with established international police academies for development of a senior (Lieutenant Colonel) leadership course in 2009. Furthermore, the BPC has established working partnerships with the MoI's Directorate of Human Resources to develop options for embedding leader-training requirements in personnel management policies and recording completed training in personnel files.

The Ethics and Human Rights Center at the BPC offers six different programs. All curricula integrate lessons on values-based policing, human rights, detainee operations, and principles of community policing. The April 2008 ISF Penal Code (standard of conduct for police officers) is integrated throughout MoI policing courses. In 2008, the Ethics Center trained 2,101 officers, commissioners, and *Shurta*. Curricula developed by the Human Rights Center are also used in ethics programs of instruction for all officer, commissioner, and *Shurta* basic accession courses. In 2009, TQI is expanding the center to teach more police students. Recently, the Human Rights Center has begun exploring possible collaboration with the Ministry of Human Rights for a curriculum review and a guest lecture series.

The Minister of Interior is personally taking an active role in training; he directed that more training be focused on ethics and human rights, leadership, management, and administration, as well as core policing skills such as community policing and responsiveness to local citizen concerns. Training in the areas of investigative and forensic skills; intelligence data collection, analysis, and reporting; English language proficiency; and specific investigative training to counter corruption, organized crime, and drug trafficking is a priority. The MoI is actively developing a program designed to expand training and education opportunities abroad for IPS officers to expose them to best practices and techniques in other countries. This will supplement European-based training courses arranged by Coalition partners: the UK

Department for International Development, the International Immigration Organization, and the European Union's integrated rule of law and police training mission to Iraq. An example program with select U.S. city police organizations is in development.

Human Rights

The MoI maintains over 1,000 police stations throughout Iraq that possess limited capability for holding pre-trial detainees. Approximately 50 of these facilities are designed to be larger temporary holding sites. Currently, there are over 10,000 MoI detainees in custody. Severe overcrowding remains the most serious issue. Most facilities are old and in states of disrepair, and detainees lack sufficient medical care. The lack of investigative judges to review detainee cases still hinders timely due process. On a positive note, detainees held on valid warrants are more commonplace, and contract feeding, supported by the MoJ, has improved. The Human Rights Directorate has recently established a comprehensive inspection program that includes visits on a 90-day cycle to both facilities in the Baghdad metropolitan area and the remaining provinces. Resourcing for inspections and education remains an issue; the lack of sufficient funds restricts further capacity and capability gains in these areas.

Health Service Support

The leadership of the Health and Social Welfare Directorate has made limited progress in improving the healthcare system over the past year. Health programs; morale, welfare, and recreation programs; and disability programs compete for funding within the same directorate budget. Consequently, MNSTC-I ministerial engagements have advocated for a separate health office with a distinct budget led by a physician, which led to the establishment of the Directorate of Medical Affairs. This directorate will report directly to the Deputy Minister for Administration and Finance and now has the responsibility for providing healthcare to MoI employees, including the NP, IPS, and Border Police. Outpatient health services for MoI employees are provided by

two MoI clinics and seven NP clinics in Baghdad and by the MoH in provincial areas, while all inpatient care for the MoI is provided by the MoH or MoD.

Even with the establishment of the new Directorate for Medical Affairs, the primary challenge to further expansion of MoI medical capabilities and infrastructure remains the critical shortage of healthcare professionals. As of April 2009, the MoI has only 3% of needed physicians as a direct consequence of lower pay than MoH counterparts and the nationwide physician shortage. In December 2008, MNSTC-I worked with the Minister to approve a monthly 500,000 Iraqi dinar bonus to improve MoI physician salary to 85% of MoH levels. However, to date, MoI physicians have received this bonus only once with no expectations for any future payments based on current budget constraints. A secondary challenge in the MoI remains medical logistics. Only \$200,000 worth of supplies satisfying 15% of clinic orders were purchased in 2008. Even when the supply budget is increased there is no large central medical supply warehouse for storage. MNSTC-I is exploring options for renting a medical supply warehouse or presenting a proposal to build a new one.

As of May 2009, the MoI has no basic medic training programs. Coalition teams advising National and Border Police report that many units do not have formally trained medics. MNSTC-I has been working on two measures to assist. First, MNSTC-I is working with the Iraqis to support a project to turn a portion of an unused clinic in Baghdad into a medic training classroom. Second, the MoD has vacancies in many medical training courses. MNSTC-I obtained a MOU between the MoI and MoD to allow MoI personnel to fill the open seats in the courses.

Iraqi Police Services

The IPS mission to enforce the rule of law, safeguard the public, and provide local community security remains unchanged. IPS operational performance has improved with

each operation, and the IPS is now becoming a professional force that can, with limited Coalition support, begin to operate and support the rule of law throughout Iraq in conjunction with the court system. The disparate elements that make up the IPS are starting to provide cross-department support to each other, further enhancing their ability to operate.

The IPS consists of all provincial police forces (station, patrol, traffic, and special units) assigned to the 18 Iraqi provinces. The Directorate General of Police for each province oversees operations and sustainment of more than 1,300 police stations across Iraq. The IPS directs policy and strategic planning and has technical control over the training, vetting, and hiring of *Shurta* and officers. Other significant departments and directorates within the IPS are the Criminal Evidence Directorate, Criminal Investigations Directorate, Patrol Police, Traffic Police, SWAT/Emergency Response Unit, and the General Directorate of Crime Affairs.

The MoI's ability to address basic equipping shortfalls remains a concern. As of January 2009, one IP provincial headquarters and ten districts showed improvement in their readiness assessment over the last reporting period. The reason for the improvement is more effective leadership, in addition to planning, training, and sustained police operations independent of Coalition support. While improving, training challenges, with equipment shortfalls, also remain a concern. To address training challenges, the Minister of Interior held a training conference on November 29, 2008, resulting in the creation of a special training commission to determine the best way to utilize MoI human and material resources. The result of this commission was the MoI 2009 training plan, which addresses the issue of all untrained IP with the backlog eliminated by October 2009.

There are currently 249 Police Training Teams (PTT) across Iraq who advise and counsel IP leadership in effective law enforcement procedures, administrative processes, and

organizational structure in accordance with the rule of law.³⁵ The PTTs partner and mentor across the spectrum of the IPS organization (provincial headquarters, district headquarters, directorates, and local stations). Their training effectiveness varies, but all training classes are approved by MoI and MNSTC-I.

National Police

The NP will expand with the completion of the 3rd Division units in the northern region and continue generation of the 4th Division HQs and subordinate units in the southern region; however, the budget for 2009 will limit this. Additionally, and also budget driven, the NP will assume three new security force missions once force generation resumes. The new special security unit missions are the Central Bank of ISF, Embassy Protection Force, and the Antiquities and Ruins Security Force. With the planned addition of these missions, the 2009 authorization for the NP has increased to over 60,000 members. The NP had approximately 42,000 personnel assigned as of April 2009 and plans to recruit and train to meet the generation of the new 3rd and 4th Division units. Based on projected MoI budget shortfalls for 2009, the NP will likely struggle with hiring, training, and equipping the additional personnel required to reach the desired end strength of approximately 60,000.

The 3rd Division units will expand to provide a presence in Diyala, Mosul (to add to existing units in Salah ad Din), and Anbar. The 4th Division will generate units in Wasit, Maysan, and Dhi Qar, in addition to the units already in Basrah. The NP continues to have success in recruiting across most of Iraq's ethnic and religious sects in each province, with the notable exception of the KRG. However, the NP leadership is dedicated to creating a diverse ethnic force that represents the Iraqi population.

Continued expansion of the NP into the provinces is supported by a three-year plan to base a brigade-sized NP force into each of the provinces, with a regionally-based division HQ controlling these units and division support

battalions providing logistical support. Additionally, the NP HQ is requesting its own budget to be able to conduct operations and sustainment without having to request funding from the MoI. The NP HQ is aggressively seeking available properties in the provinces to base these new units and has had initial success in acquiring them. As the previous owner for most bases, the MoD maintains first right of selection as Coalition forces return most bases. This may become an impediment to the NP acquiring existing bases. Finally, the continued support of the MoI is necessary to plan the equipping and infrastructure improvements required for the new units, as well as the ongoing need to replenish existing unit equipment and improve their unit basing locations.

Directorate of Border Enforcement and Ports of Entry Directorate

The Directorate of Border Enforcement (DBE) and Ports of Entry Directorate (PoED) continue in their respective responsibilities to protect Iraq's 3,650 kilometers of international borders and 28 air, land, and sea ports of entry (PoE) to prevent smuggling, sabotage, and infiltration activities. These organizations continue to enforce compliance with international treaties and protocols, with respect to international agreements and boundaries.

The DBE is organized into five regions, with 13 brigades and 52 battalions, in addition to the Coastal Border Guard, which is under the command of Region 4 located in Basrah. Seven DBE battalions are mobile commando battalions that are under the command of the regional commander. There is no current plan for additional force generation by the DBE, which is authorized 45,550 personnel. The DBE is currently manned at 91% of its targeted end strength, with over 40,000 assigned. This manning is adequate to perform the basics of its mission of controlling the border; however, only about 33,000 have completed BRT. The impact of this training shortfall only has a moderate effect in the short-term, but will have

a more significant impact in the long-term if not adequately addressed.

To overcome these challenges to progress, the MoI has instituted a training commission to address ineffectiveness issues based on training and leadership shortcomings. The DBE is a part of the MoI Training Commission, recently appointed to seek Iraqi solutions in eliminating the backlog of personnel to complete BRT by the end of 2009. Additionally, plans are being explored to hire additional SoI and excess IP to fill the overall shortfall that currently exists in DBE manning.

In September 2008, the Minister of Interior made the decision to establish the PoED as its own directorate, separate from the DBE. The PoED is responsible for administration and security of 13 land PoE throughout Iraq, as well as PoE in six international airports and four seaports. There are an additional five PoE in the KRG that are not recognized or managed by the GoI. The PoED is authorized 2,500 personnel and is fully staffed at this time. The PoED has already overcome many obstacles with becoming its own directorate but still does not have command authority over ministry employees at the PoE, its own operating and maintenance budget, or independent oversight of future construction efforts at Iraq's PoE.

For the PoED to operate effectively in Iraq's dynamic environment, it must seek funding to support resourcing of future projects. The PoED is proactively pursuing a FMS procurement strategy to support three PoE that have been selected for rebuild, with an additional two undergoing infrastructure improvement. This initiative will allow the PoED to take advantage of DoD program management, contracting, engineering, and financial management expertise, as well as proven processes and tools to procure items on behalf of Iraq. Additionally, the GoI is in planning stages to purchase non-intrusive inspection equipment with X-ray-like capabilities for Iraq's land and sea PoE that will replace the aging equipment currently in use. Purchase and implementation

of this capability will have the potential to significantly reduce illegal cross-border transfers of contraband items and weapons, leading to increased security.

The Coalition has increased the number of Border Transition Teams and enablers in all regions to enhance the operational effectiveness of border regions, brigades, and battalions. The single most significant challenge to increasing the effectiveness of the DBE and PoED is a viable MoI sustainment system. In addition to this challenge, the DBE and PoED are combating reported incidents of corruption, with ongoing ethics training for DBE and PoED employees. Both directorates have responded to corruption allegations through re-assignment of personnel between PoE, and routine swapping of DBE unit areas of operation on the borders.

Oil Police

The Oil Police (OP) is responsible for protecting all oil production infrastructure, including oil fields, pipelines, refineries, convoys, and retail stations. The OP mission requires forces to be located throughout Iraq along distribution lines in both remote and urban areas. Consequently, there is no standardized unit organization or coverage area. The OP operates 12 battalions in three districts—south, central, and north. During this reporting period, the OP completed formation of two new battalions. Currently, select units of the IA guard designated areas of the oil production infrastructure, with the MoI scheduled to resume full responsibility for this mission in late 2010.

The OP still lack basic equipment required to perform its mission. The MoI and the OP are acquiring weapons and uniforms, as well as specialty equipment such as buses, fuel tankers, water trucks, road graders, and tow trucks. Much of the needed equipment was delivered in February 2009 on a cost-share basis with the Coalition. The capabilities of the OP continue to be hampered by the incomplete transition from the MoO to the MoI, which after 16

months, still results in unclear responsibility for support to the OP. MNSTC-I is coordinating a memorandum of agreement between the MoO and MoI to clarify responsibilities, including C2.

Approximately 78% of the existing force has achieved training certification through the three-week OP course. Discussions are underway to establish a surge training capability to ensure capacity keeps pace with growth projections. Additionally, a plan to train the OP in the 240-hour IPS course, to increase professionalism, has been initiated. OP leaders are actively involved in their organizations and are qualified for their positions, with most officers trained in a police or military academy. The only significant shortfall in leadership is found in the junior officer and non-commissioned officer (NCO) ranks. This problem must be reviewed and a detailed plan developed in conjunction with the MoI.

Facilities Protection Services

The Facilities Protection Services (FPS) is responsible for the protection of critical infrastructure throughout Iraq, including government buildings, mosques and religious sites, hospitals, schools and colleges, dams, highways, and bridges. Under CPA Order 27, FPS forces were decentralized within each ministry and province. If the FPS Reform Law is passed by the CoR, the GoI will consolidate all FPS within the MoI except forces currently detailed to the MoO and MoE, as well as the HJC. The law still lingers between the CoM and the CoR. The FPS Directorate is spread across three divisions providing oversight of 28 ministry facilities and various other facilities in 14 provinces.

The MoI FPS numbers just over 16,000 IP employees. Another 90,000 FPS contractors work in other ministries; approximately 77,000 of these have met MoI hiring criteria, signed contracts, and had their salaries transferred to the MoI. Operational control will occur when the FPS consolidation law is passed. The contract signing and payment by the MoI marks

a significant step toward consolidation. The projected end strength of this force is expected to be approximately 94,000 when consolidation is complete.

The MoI FPS is currently trained in the 240-hour IP course. All MoI FPS personnel are on track to be trained by June 1, 2009. A plan is being made to start training contractors to the MoI IP standard. The Coalition, in cooperation with the MoI, is building a FPS training facility in Al Kut, Wasit Province, with a completion date in 2010. The FPS has traditionally been the unit with the lowest priority for equipment issue within the MoI and currently has less than 10% of its authorized equipment on hand.

2.3 Ministry of Defense

As of April 2009, the MoD has approximately 250,000 personnel authorized and over 225,000 assigned. As the ground force nears completion, lack of a sustainment-funding plan and a centralized decision-making process continue to inhibit MoD force improvements. The Minister of Defense still reviews almost all procurement and maintenance funding decisions and approves most equipment purchases.

From January through December 2008, the MoD executed \$2.9 billion of its \$5.3 billion budget (55%). The major challenge facing the MoD in 2009 is a limited budget of \$4.1 billion, as opposed to the \$8 billion requirement. This amount is sufficient to pay and feed personnel but will marginally sustain the current ground force and cannot sustain the growth desired by the Minister of Defense. Exacerbating the budget shortfall is the need to purchase logistics support and enabling unit equipment and associated sustainment costs. These will severely constrain capital growth programs beyond 2009. In short, the economic downturn and concurrent drop in oil prices will drastically curtail the rate at which the Iraqi military forces can achieve foundational capabilities and begin to focus on equipment purchases that will enable greater capability.

Ministry of Defense and Joint Headquarters

The JHQ is developing greater capability to provide operational-level advice to the MoD and is developing its capacity to plan and logistically resource operations. Despite the JHQ's progress, the Iraqi national security C2 architecture continues to be poorly defined and overly centralized, which inhibits planning, decision making, and the ability to execute coordinated operations at all levels. Coalition advisors continue to provide mentorship and partnership to the IJF, working closely with Iraqi staffs to increase their capacity to conduct rudimentary operational and strategic-level planning and execution.

Policy and Plans

The MoD General Directorate for Policy and Requirements has limited capability to generate relevant and applicable defense policies and plans. Although capability exists within some of these staffs to produce their respective policies and plans, there is no institutional process for feedback, approval, and implementation of such guiding documents. Senior Iraqi leadership has resisted publishing formal policy documents, which results in sluggish decision-making practices at all levels. The MoD leadership often disregards the requirements generated by its subordinate staffs and is resistant to tying capability requirements to national security documents. The linkage between capability requirements, strength levels, equipment purchasing, and budgeting is almost nonexistent.

In August 2008, the Minister of Defense implemented a recruiting and hiring freeze for all positions. The following month, the Minister of Finance established a 253,000 personnel cap based on estimates of affordability related to the 2008 defense budget. Based on March 2009 pay data, the Iraqi Armed Forces, including military, civilians, and contractors, currently exceed the personnel cap by over 13,000 positions. Growing concerns with funding have resulted in a near stalemate of personnel actions, impacting IqAF and IqN force generation. Significant shortages

in key enlisted, NCO and junior officer positions are offset by excessive entry-level soldiers, creating a somewhat hollow force in both numbers and experience. These imbalances, when combined with growing operational demands and the current Iraqi leave policy, impact the ability to conduct current operations and train and equip units.

Acquisition

The MoD's acquisition branches lack the capacity to routinely acquire the goods and services necessary to sustain and modernize the IJF. Responsibility for authorizing relatively low-level acquisitions, such as routine replacement of spare parts, requires decisions by General Officers. The MoD faces numerous challenges, including the lack of a multi-year acquisition strategy, weak requirements determination, late release of requirements funding, overly centralized decision-making authority, inadequately trained and inexperienced staff, and insufficient use of technology to optimize processes. There exists limited, but improving, ability to conduct simple contracts with a single vendor, with major overseas contracts and purchases personally negotiated by senior ministerial staff. Due to these limitations, the MoD continues to rely heavily on FMS to equip and sustain its forces. Several contracts for organizational clothing and individual equipment have been let internal to Iraq with state-sponsored companies, in compliance with a Prime Minister-directed procurement initiative focused on strengthening Iraqi manufacturing capabilities while providing for the ISF.

To address these limitations, the Coalition is providing course instruction and on-the-job training to the MoD's acquisition staff in contracting, purchasing, and acquisition. The Coalition is building acquisition capability as well as improving the development of requirements specifications and the approaches to test and evaluation.

Infrastructure

The MoD General Directorate of Infrastructure was dissolved effective April 1, 2009. The Military Works and the Military Housing and Real Estate sub directorates were aligned under the Deputy Chief of Staff for Logistics within the JHQ; the Facilities sub-directorate was completely eliminated. These changes are intended to rectify the pervasive maintenance shortcomings. A graduated delegation of fiscal authority down to the Military Works level has been granted. This should greatly improve the speed with which maintenance requests are processed and thus improve the infrastructure sustainment capacity.

Inherent in these organizational changes was the necessity to adjust the respective personnel authorizations. Military Works, along with the Military Housing and Real Estate functions, will benefit from increased personnel authorizations. Additionally, four regional commands were created possessing the operational and administrative control over the Military Works Location Command offices in their geographic areas of responsibility. However, the GoI's hiring freeze will limit the staffing, and ultimately the effectiveness, of these new organizational constructs. Consequently, Military Works will continue to struggle to build new, or maintain current, infrastructure due to lack of experienced and qualified engineers. Despite these challenges, Military Works is making some progress in processing maintenance requests and is successfully managing the largest active construction program sponsored by the GoI—the Location Command warehouses valued at \$376 million.

Finance and Budget

Manual processes continue to dominate budgetary management in the absence of networked computer solutions. However, an automated stand-alone software package that will enhance the MoD Directorate General of Programs and Budget (P&B) capacity to execute its key financial management missions in support of the MoD and significantly reduce the need for external assistance is being considered. The

principal weakness of the P&B Directorate remains a limited capacity to provide forecasts of ministerial budget execution. This branch is capable of iterative planning with the MoF to finalize and subsequently reconcile the MoD's annual budget, accurately track expenditures, and collate monthly reports to the MoF, while ensuring compliance with GoI accounting guidelines, policies, and regulations. The 2009 budget does not support the full needs for sustainment of the force. Procurement of more end items will only exacerbate the shortfall in 2009 and beyond.

Personnel

The MoD General Directorate for Personnel continues progress toward implementing a computer-supported, comprehensive personnel management system. Lack of decentralized decision-making authority affects this and other initiatives, including hiring. Approximately 40% of civilian positions across the MoD remain unfilled. Despite the overarching hiring freeze, some civilian positions are being recognized as critical needs and validated for fill. The most critical areas in the MoD staff needing skilled employees are contracts, communications, infrastructure, and acquisition.

The Coalition has trained MoD staff to operate and maintain the Human Resources Information Management System (HRIMS), which began operating in December 2008. The payroll feature of the HRIMS remains the MoD's first priority. Continued testing, system validation, and expanded user training will occur over the next several months. HRIMS provides the MoD the capability to pull personnel status reports, such as present-for-duty soldiers, number of soldiers trained, number of soldiers by Military Occupational Skill Qualification (MOSQ), and pay and other human lifecycle management reports. However, HRIMS will not be capable of full lifecycle management for approximately three years. Therefore, the MoD must continue to use the functioning paper-based systems until HRIMS matures sufficiently as a system of record to take over human resource lifecycle

management. HRIMS will serve as the database for personnel identification and weapons accountability and interface with the network where biometric information is stored. The Minister of Defense recently committed nearly \$5 million to pay all costs associated with the HRIMS fielding and operation for 2009.

The National Reconciliation Program, which allows qualified former soldiers the option to re-join the ISF, is not encumbered by the hiring freeze and is progressing. Once complete, the program should increase the number of experienced mid-grade officers and NCOs within the Iraqi Ground Forces Command (IGFC). The National Reconciliation Committee is working to improve the retirement process, develop plans to revise and fill the Modified Table of Organization and Equipment (MTOE) with capable employees to work veteran programs, and establish automation processes to include ultimately utilizing HRIMS.

Inspector General

The MoD Inspector General's (IG) anti-corruption efforts still lack transparency and need to be professionalized. The IG claims considerable progress to counter corruption allegations, but the evidence has not been disclosed, and anecdotal evidence of widespread corruption remains. The MoD has occasionally sought Coalition assistance, as with establishing a department-wide ministerial IG inspection plan. The JHQ IG, on the other hand, completed its ambitious inspection goals for 2008, conducting 110 unit readiness inspections, despite being notably understaffed. Fresh efforts are being made by advisors with the MoD IG to find common ground on which to help the Iraqi MoD take and demonstrate action.

Human Rights

The MoD maintains 31 detention facilities throughout Iraq, designed to be temporary holding sites for pre-trial detainees. Currently, there are over 1,600 MoD detainees in custody with 90% held in the seven largest detention

facilities. In some of the facilities, persistent overcrowding creates difficulties for both guards and detainees and contributes to an environment where human rights violations can occur. One such facility has housed up to ten detainees in seven-foot by seven-foot cells. The inability of investigative judges to provide timely resolution of detainee cases further contributes to problems of overcrowding and can result in detainees remaining in detention facilities as long as 24 months. All too often, detainees are retained in custody despite issuance of legitimate judicial release orders, notwithstanding Iraqi law which stipulates release orders be executed within 24 hours of issuance. Engagements with Coalition forces have encouraged some improvement in both detainee releases and overall conditions.

The involvement of Coalition advisors, the International Committee of the Red Cross, and UNAMI has been met by GoI leadership with an acceptance and recognition that both facility conditions and judicial disposition need to be further improved. One significant and tangible sign of progress is that 100% of MoD facilities now notify the detainee's family members and afford family visitation in accordance with Iraqi law. However, the long-term prospect for primacy of human rights and enforcement of constitutional rule of law is unclear.

Military Justice

Military justice continues to improve with operational courts hearing cases in Baghdad, Basrah, Mosul, Najaf, and Ramadi. In March 2009, the court system took a step forward as the Joint Military Court. This court consists of judges from the MoD, MoI, and NIIA, and has jurisdiction over offenses that cross ministerial boundaries. Additionally, in March 2009, the Minister of Defense took proactive measures to ensure judicial independence by issuing an edict forbidding interference with the courts. The courts in Irbil, Diyala, and Baghdad (Rusafa) continue to be developed, and the Military Court of Cassation in Baghdad continues as the functioning appellate court.

Operations

The JHQ is slowly improving operational C2 capabilities; however, the Iraqi Forces JOC remains heavily reliant on Coalition sources for both friendly and insurgent unit disposition, situational awareness, and general intelligence gathering. In addition to the JHQ and the MoD, C2 of the ISF is exercised through a system of regional commands developed at the direction of Prime Minister Maliki. The system functions through the linkage of the Office of the Commander in Chief (OCINC) and Operations Commands for Baghdad, Basrah, Ninewa, and other provinces or groups of provinces. Coalition forces are working to enhance training and advisory support of Iraqi organic capabilities in the JOC. Staff planning is improved but underutilized outside of the JHQ. MoD planning is hampered by a lack of delegation through the JHQ chain of command to appropriate directorates, and when accomplished, is ad hoc and based on personal and ethnic affiliation. Although some progress is being made, logistics, sustainment of ISF personnel, equipment distribution, infrastructure maintenance, and force generation continue to pose obstacles to long-term operational capability, as more Iraqi forces operate without support from Coalition forces.

Logistics

Coalition and Iraqi forces have created a strategic logistics task force to hasten the implementation and integration of a comprehensive strategy. Critical components of this strategy include strategic logistics plans and doctrine supported by a requirements-based acquisition strategy, capable procurement specialists, and logistics managers. Without these elements, the MoD will not be able to sustain or modernize the IJF. The IJF is now able to sustain itself with food rations and armor for its soldiers, as well as refined petroleum products used to fuel its ground combat vehicles, support vehicles, and generators. This capacity is critical for successful transition to full self-sufficiency. The MoD does not have an effective mechanism to program sustainment costs for major equipment purchases. A

collaborative effort now exists between Coalition partners and the Iraqi Deputy Chief of Staff for Logistics (DCoS-Logistics) to establish Iraqi strategic logistics. This previously underutilized team is now preparing to provide logistical expertise for future fielding of upcoming units.

The Iraqi Logistics Operations Center (ILOC), formerly known as the Combined Logistics Operation Center, will serve as the nerve center for the logistics, facilitating tracking, coordination, and reporting of Iraqi Armed Forces logistics operations, and it will include a materiel management control element. A set of certification exercises will be conducted to vet the newly-composed standard operating procedures and thereby certify the ILOC to initial operating capability (IOC) standards. Essential equipment for 13 division field workshops (\$90 million) and 12 Locations Commands (\$134 million), procured by the Coalition, recently began arriving and will continue through December 2010. On-hand equipment will provide adequate functionality of these units, but incremental delivery will prevent these units from reaching full strength until all assets arrive.

To improve repair parts flow and stimulate overall maintenance operations, repair parts packages were distributed to assist in establishing stock objectives and replenishment procedures. The difficulty in maintaining IA vehicles is exacerbated by the large variety of vehicle manufacturers and types, and the reluctance of the Iraqi system managers to distribute repair parts. This is primarily due to their continued use of the old system of approvals and lingering allegations of corruption. Efforts are underway to alleviate these problems by identifying suitable vehicle types to retain (fleet rationalization) and development of repair parts stock levels to aid their sustainment, as well as demonstrating the productivity gains that can be accomplished through use of an efficient maintenance pipeline and distribution system.

A collaborative effort between Coalition partners and the Iraqi DCoS-Logistics to re-establish Iraqi logistics doctrine using a systematic approach, established fundamental principles of logistics concepts, organization, methods, and procedures is continuing. The Coalition finalized a review of previous Iraqi logistics doctrine and manuals and is working with the Iraqis to develop an updated architecture of logistics doctrine. Procedures are being validated through training exercises and senior leader engagements prior to approval and distribution. The Directorate of Logistics is now addressing doctrine and systems development at the strategic level. A Combined Sustainment Council recommends procedures and policies and develops doctrinal solutions to address current gaps in the Iraqi logistics system.

The Logistics Military Advisory Team and Logistics Training Advisory Team programs are successful, and their efforts are improving the logistical readiness posture of the MoD units with whom they partner. This process has identified that the key inhibitors to Iraqi logistical self-reliance reside at the Ministerial or JHQ level, not the tactical level. Iraqi logisticians at the tactical level are generally capable operators. Unfortunately, current Iraqi acquisition and distribution policies and procedures continue to prevent effective stock replenishment and subsequent maintenance and repair operations. The DG Acquisition-Sustainment, DG Infrastructure, and DCoS-Logistics all lack contracting and purchasing expertise and authority necessary to replenish stocks, repair equipment, or renovate infrastructure facilities. These authorities reside solely at the MoD level.

The Iraqi purchase of M1A1 tanks has highlighted a deficiency in the IA fuels quality control (QC) process. This weapon system is powered by a jet turbine engine that requires similar QC procedures as aviation fuel. For the IqAF, all aviation fuel is procured via FMS, and QC activities are managed by Coalition forces. As the Coalition draws down its forces,

the need to transition this responsibility becomes increasingly important. The Iraqi Transportation and Provisions Directorate is laying groundwork toward implementing a viable QC program across the IA and the IqAF. Training courses are needed for the school at the Iraqi Army Service Support Institute (IASSI), and equipment is required to provide unit-level sampling capability. Establishing the logistics doctrine to manage fuels and fuels equipment will be an area of focus over the course of the next year to ensure Iraqi self-sufficiency.

Training

The JHQ implemented a training assessment program and is generating a new Training Assessment Manual that will codify the inspection and assessment procedures; thus, laying the groundwork for future analysis and improvement.

Doctrine

The JHQ developed a documented and functioning doctrine process, a key factor in standardizing and institutionalizing practices across the IJF. Under DCoS-Training, the doctrine section is tasked with coordinating the development, approval, printing, and distribution of doctrine and technical manuals for the IJF. Once a month, DCoS-Training chairs the Doctrine Review Committee that approves doctrine for the Chief of Staff's signature. The JHQ continues to work on improving these processes and the advisory team is assisting the JHQ in conducting gap analysis and prioritizing future doctrine development.

Surgeon General

The Directorate of Military Medical Services is led by the Joint Forces Surgeon General who has the responsibility of providing Health Service Support to the IA, IqN, and IqAF. The single most challenging component to further expansion of military medical capabilities and infrastructure remains a shortage of health professionals. As of April 2009, the MoD remains staffed at 22% of its 800-physician requirement, in part because MoD salaries

remain about 15% below those of the MoH. The MoD is still awaiting legislative relief from the Iraqi Law of Military Service and Retirement. The passage of this law will enable the MoD to provide more salary and scholarship incentive options. The U.S. Government continues to encourage the MoD to raise the temporary 600,000 Iraqi dinar physician bonus instituted in 2007 as a stopgap measure.

Iraqis have several priorities for 2009 including enhancing medical maintenance capability, bringing telecommunications to the Surgeon General's Office, and further enhancing capabilities of their new hospital. In this area, funding by the Coalition to accelerate a needed basic capability will reduce patient length of stay in Coalition medical facilities, leading to increased self-sufficiency.

The MoD conducts basic medic training at several regional training centers (RTC), with the more advanced medical courses taught at the IASSI in Taji. The MoD Surgeon General's Office desires to offer a wider variety of courses similar to those offered by the U.S. Army Medical Department Center and School. The Minister of Defense has authorized planning for a Medical Institute on land near the MoH medical city hospitals in Baghdad's Rusafa neighborhood to accomplish this expanded mission. The location of the proposed institute will enhance cooperation with the MoH in the establishment of clinical training venues not available in Taji.

The Coalition also supports medical training within Iraq. The Coalition Air Force TT provides instructors to augment the Iraqi-run flight surgeon course at New Al Muthanna Air Base. The 10th Combat Support Hospital staffs a clinical practicum to augment the MoD administered Trauma Training course on the grounds of Ibn Sina Hospital. A new program of clinical partnerships was initiated in February 2009 by Task Force-44 MED using Ibn Sina as the primary training site for MoD, MoI, and MoH health professionals.

Iraqi Army

Organization

The IA currently has 13 infantry divisions and one mechanized division organized under the IGFC. Ground forces include 185 fully generated and trained IA battalions and 56 IA brigades with a force generation focus on enabler units to complete the divisional force structure. Of the 185 battalions, 168 comprise the IGFC combatant battalions. The other 17 battalions make up the Presidential Brigade (5), the Baghdad Brigade (1), and the Independent Security Force battalions (11). Of the 56 brigades, 53 comprise the IGFC combatant brigades. The remaining three belong to the 1st and 2nd Presidential Brigade and Baghdad Brigade, respectively.

Budgetary constraints are continuing to impact the manning of enabler combat support and combat service support units. The lack of soldiers entering the training base is forcing Iraqi leaders at all levels to face the dual challenge of manning and training enabler units. Divisions will have to man enabler units from within their organizations by identifying over-strength units, such as the ISR formations and HQ elements, and cross-leveling accordingly. This is a difficult challenge as it forces them to make decisions against competing ministerial orders. The original 2009 force generation schedule is no longer applicable due to these challenges. As such, the Iraqi M7 Training Directorate has adopted a conditions-based Unit Set Fielding (USF) scenario where units must meet a set of manning and training requirements in order to be scheduled for fielding. This will ensure the units will be properly manned and trained prior to fielding and, upon completion, return a functioning enabler capability back to the division.

MNF-I continues to inform the Iraqi leadership of the emerging challenges and possible solutions, including the conditions-based fielding requirement. There is growing recognition of the issue and the IGFC and M7 Training Directorate are taking the lead in finding an Iraqi solution with Coalition assistance. As IA

and MoD leadership negotiate continued manning and training challenges, the force generation of key enablers essential for completing the COIN force will be adversely affected, particularly signal, engineer, ISR, transportation and provisioning regiments, field workshops, and ordnance park units. To develop the IA's capabilities and capacity to engage in force management and acquisition activities, the Coalition continues partnering with IA leadership and the MoD in supporting the IA M1A1 Program Manager Office, which is developing its ability to conduct lifecycle management, new-equipment training, and follow-on training for the 140 M1A1 tanks purchased through FMS. It will also ensure the M1A1s integration into the Iraqi maintenance system. The M1A1 program participated in its first program management review on March 4 and 5, 2009. This initial meeting provided an opportunity to discuss the scope of the M1A1 Program and its associated FMS cases.

The 12th MTR completed USF this reporting period after a three-month delay due to manning issues. This event completes the fielding of all 12 of the original MTRs. Recently, there has been a restructuring of the Field Service Regiment into the Transportation and Provisioning Regiment. This organization includes the original MTR with each company gaining a Provisioning Platoon. The restructure also breaks out the Field Workshop as an independent company and reorganizes the Supply Company into the Ordnance Park as an independent company capable of receiving, storing, and disbursing Class II (clothing, tools, etc), IV (construction and barrier materials), and VII (major end items) items. The original capabilities of the Field Service Regiment are retained in this new organization.

Recently, the MoD issued an order to all IA divisions requiring analysis on the effect of dissolving the 4th Battalion in each brigade and using those soldiers to man enabler units throughout the IA.

Training

To improve institutional training capacity, focus must be on professionalizing the force. This effort emphasizes enhancing special skills, enabler units, unit-level, and recurring training to develop depth and improve the quality of individual soldier skills. The on-going Warrior Training Program is indicative of continued improvement in training capacity and capability at the Divisional, Regional, and Combat Training Centers. Since the program began in June 2008, six battalions have completed this training.³⁶ These exercises are now scheduled and conducted by the IA with the Coalition prepared to support, as necessary. The MOSQ courses for maintenance, transportation, signal, supply, administration, weapons armorer, military police, and medical personnel are other examples of continued progress. The requirement for specialty MOSQ training has increased in 2009, as the focus shifted toward generating enabler units and training individual skill sets.

Over 2,100 soldiers have completed training in one of the eight different MOSQ courses in 2009. The shift toward generating enabler units has also increased training for the IASSI. The IASSI continues to provide advanced education and technical training in multiple support disciplines and supply, administration, transportation, medical, maintenance, and repair specialties. Combined MOSQ and IASSI courses have trained 16% of the soldiers required for force generation units for 2009.

The Iraqi Counterinsurgency School (ICS) continues to provide the IA with relevant and responsive training, developing IA leaders to meet the needs of the evolving operational environment. The core courses, focused at both the NCO and officer levels, provide resident training in COIN, civil military operations, and civil affairs; 350 IA leaders have been educated since January 2009. Additionally, the ICS partners with the Iraqi Ethics Center and the Lessons Learned Center to promote and enhance the highest level of professionalism among military leaders.

The IA continues preparation for the fielding of both Light Artillery Batteries and Infantry Mortar Platoons. IA units are gaining basic mortar skills through partnership with Coalition forces. The IA training centers, with Coalition advisor instruction, are completing their second training course in preparation for the start of unit mortar fielding in July 2009.

Materiel

The IA self-sustainment capability continues to improve through multiple programs and an increasing awareness of the maintenance requirements. The single channel ground and airborne radio systems (SINCGARS) and Harris radio fielding provide the IA with a secure tactical communication and an increased C2 capability. Although combat units were initially the priority for distribution, service and service support units are now receiving these assets. The IA assumed responsibility in April 2009 for continuation of M16 and M4 fielding and weapon training. They use the Weapons Training Wing at each of the RTCs for this purpose. Almost 53,000 of these weapons have been issued through March 2009. Weapons accountability is maintained through frequent inventories and multiple checks of proper identification, including biometric data.

During the last quarter, the IA DCoS-Logistics emphasized information sharing and synchronization, improving distribution management and asset visibility of ISFF and FMS procured materiel and equipment. This effort directly contributed to more efficient equipping of IA units and increased combat capability. Finally, the IA fielded a key strategic enabler unit, the GTR, which is designed to transport equipment and supplies throughout the theater. The GTR is increasingly assuming responsibility from the Coalition and recently added a standard shuttle mission from the central receiving and issuing point to the depots and Joint Repair Parts Command on Taji.

Leadership and Education

The IA continues to develop a NCO Education System (NCOES) that emphasizes small unit leadership. To date, nearly 14,000 NCOs have graduated from NCOES courses. The IA approved its NCOES Campaign Plan in October 2008 after a 12-month planning effort and began implementation on January 1, 2009. The new NCOES is controlled by the DCoS-Training Directorate, which standardizes all IA NCOES education in Iraq. The system is based on the recently developed Iraqi leadership doctrine and is intended to link promotions to graduation from IA NCO-producing schools. A planning team of combat-proven IA officers and NCOs developed and refined NCOES courses for corporals, squad leaders, and platoon sergeants. The goal is to increase professionalism of the NCO corps by improving leadership, training, and combat skills.

The basic combat training (BCT) campaign plan generated a review of the BCT modules and improvement in the quality of graduating soldiers. It identified the requirement to develop a Drill Instructors and a Basic Combat Instructors course to improve course instruction quality. The Basic Combat Instructors Course, designed to reinforce skills required to instruct basic combat trainees through the use of practical exercises, is under development.

The Iraqi Center for Military Values, Principles, and Leadership Development (CMVPLD) continues to provide the capability to professionalize the IA, offering instruction in five areas, including professional military values, leadership, the profession of arms, law of armed conflict/human rights, and the role of the military in a democracy. The CMVPLD plans to deliver these blocks of instruction to Division level leaders and training offices in 2009, and has so far executed 25% of this mission. Mobile TTs have conducted train-the-trainer classes for 98 officers and NCOs in the 5th, 8th, and 14th Divisions (Karbala, Diyala, and Basrah Operations Commands, respectively), in addition to training 73 instructors at

RTCs in Kirkuk (K1) and Hammam Al Alil. Awareness and relevance of the “Ethic Center” and its role in professionalizing the force is growing within the IA and the MoD. In January and February 2009, the Director of CMVPLD, the Chief of the National Defense University, and the Commandant of the Iraqi Military Academy at Qualachulon attended the International Society of Military Ethic’s Annual Symposium in San Diego, and then visited the United States Military Academy at West Point. At West Point, the delegation toured the Academy’s Center for Professional Military Ethics. They also participated in a full day workshop with the Army Center for the Professional Military Ethic to discuss character development and ways to develop effective ethics training programs for the IA. The Center also conducted pre-election training to elements of the IA on the role of the military in a democracy, and began distribution of thousands of military values posters and pocket cards to IA commands and training centers.

Personnel

As of April 2009, the IA is currently manned to 59% of its authorized officers, 81% of its authorized NCOs, with 81% of total authorizations. IA personnel statistics reflect an average of 69% present for duty at any given time. The current attrition rate of assigned personnel is 1.4% per month. The average leave rate is currently 25% of assigned personnel, which is equal to the policy limit of 25%. The absent-without-leave rate is less than 1% of the assigned strength per month. The most critical personnel challenge is developing a formal manpower management strategy aligned with a current annual budget and expenditure plan that will permit intelligent personnel reductions and force shaping. Improving personnel accountability procedures, streamlining personnel administrative processes and the need to transparently promote individuals based on merit are also critical issues to be addressed. The 2008 BCT graduation total of just over 70,000 was well below the original goal of 114,600, established at a time of accelerated growth to counter the insurgent forces. Since

the hiring freeze that was directed in September 2008, there has been no new recruit requirements or authorizations to be filled.

Facilities

Currently, 9 of 10 planned Division Training Centers and RTCs, as well as a Combat Training Center are complete. Each of these centers includes a range complex, combat assault course, live fire shoot house, and outdoor classrooms. They support both BCT and Warrior Training exercises for the IA. Billeting continues to be limited, which restricts usage of the centers. The current combined capacity is limited to 14,600 students. Facilities planned in 2009 include dedicated after-action review and medical training classrooms, as well as weapons cleaning stations.

The construction of 12 Location Commands continues. These commands consist of warehousing, 3rd line maintenance, fuel storage, billeting, and life-support facilities. Location Commands are targeted for completion by December 31, 2009.

Despite significant improvements, several shortfalls remain in IA infrastructure. The most significant shortfall is the availability of electricity. Only one base is connected to the national power grid, and all rely on generator-produced power, which is intermittent and costly. Moreover, few bases have centralized power. Although generators are used to offset this problem, connecting the remaining bases to the power grid will greatly reduce the cost of fuel and maintenance for the generators.

Iraqi Air Force

The challenge for the IqAF is to expand current capabilities and build the foundation of a credible and enduring IqAF for the future. Currently, the IqAF has minimal foundational capability to support the COIN fight. However, the IqAF is making progress in ISR, airlift (fixed/rotary wing), and in the development of its Airmen, and it should achieve foundational capability by December 2010. Ground attack,

airspace control, and C2 lag behind, with these foundational capabilities expected by December 2012. Efforts are underway to partner matured IqAF units with Coalition units to support growth of IqAF capabilities. Despite its rapid growth in the past year, the IqAF lags behind all major Middle Eastern air forces, and achieving a credible and enduring IqAF will require continued Coalition support and a long-term strategic partnership.

Doctrine

The IqAF has taken important steps to develop its doctrine. Iraqi and Coalition partners have begun codifying their ISR lessons learned in tasking, collecting, processing, exploiting, and disseminating information. In kinetic operations, the IqAF is preparing for operations of its first precision air-to-ground attack aircraft by establishing preliminary rules of engagement, a targeting approval process, and C2 procedures.

Organization

Over the past quarter, the IqAF aircraft sortie rate has remained steady, and its proficiency in scheduling and conducting flight operations continues to improve. Processes to efficiently prioritize mission requests are becoming increasingly effective. Current focus is on improving capability to conduct operational-level planning and operationalizing the IqAF. This capability will enable the IqAF to link national military strategies to tactical capabilities. Today, the IAOC provides C2 of over 350 sorties per week spanning training, ISR, and airlift missions.

Training

Training remains a top priority within the IqAF, as it strives to reach 6,000 personnel accessed and trained by 2010. To date, the IqAF has 100 officer and enlisted specialties spread across ten functional areas. Over the past quarter, IqAF officer initial-entry training has advanced, and enlisted technical training has continued. Enlisted Basic Technical Training (BTT) courses in fire fighting, aircraft maintenance, radio/networking, and professional development were successfully

accomplished, some for the first time. New BTT syllabi currently in development will expand training in operations, maintenance, supply, and infrastructure support personnel.

As a result of the GoI budget process delays and hiring freeze, limited enlisted Basic Military Training (BMT) has occurred since October 2008. This severely threatens the IqAF ability to meet its planned end strength goals. On March 15, 2009, 265 new IqAF cadets started the Basic Officer Commissioning Course curriculum; 150 pilot cadets began BMT at the Iraq Military Academy at Rustamiyah (IMAR) and 115 support cadets began BMT at the Iraq Military Academy at Zahko. In late July 2009, these 265 cadets will enter the Air Force Officers Course and ELT at IMAR.

The Flying Training Wing at Kirkuk Air Base continues to expand, with 87 students in undergraduate pilot training. The first rotary-wing training class began in January 2009 and the second in April 2009, training 23 students. Currently, the pilot instructor training class has four students who will qualify as flight instructors, bringing total instructor pilots to 14. The first three Lasta-95 primary training aircraft are expected in June 2009 with the remaining 17 aircraft delivered in the following 18 months. These aircraft will not be integrated into the student-training program until December 2009. Acquisition of the T-6A trainer aircraft, critical for the advanced pilot training plan, is currently being deliberated. Ultimately, the Prime Minister will make the decision concerning this capability.

ELT continues to be a top training priority for IqAF leaders. ELT currently focuses on aircrew, aircraft maintenance, air traffic control, and communications personnel. While the Coalition continues to provide the vast majority of ELT instruction, efforts are underway to generate an Iraqi ELT program with an annual ELT training capacity of nearly 600 students.

Materiel

The IqAF added two aircraft in the first part of 2009 to reach a total of 93 assigned aircraft.³⁷ The IqAF will achieve an initial precision air-to-ground attack capability, forecast for mid to late 2009, with Federal Aviation Administration certification of the AC-208 and 20 Hellfire air-to-ground missiles.

Plans called for adding another 34 aircraft in 2009. The IqAF's inexperience in acquisition and the GoI budget forecast continues to make procurement a challenge, complicated by a requirement by the Defense Minister to make most acquisition decisions. The IqAF has shown a very limited capability in requirements generation, FMS case development, and source selection. Work continues in building robust institutional processes for the GoI to obtain the aircraft, materiel, and support necessary to build and sustain their force. A promising activity within IqAF is the establishment of a General Officer-level acquisitions committee, which will establish procedures and prioritize requirements.

Personnel

The IqAF continues to slowly increase its personnel but has filled only 68% of its authorized military and civilian strength. IqAF personnel numbers must grow significantly in the future to match anticipated growth in aircraft numbers. Such growth is slowed by the time required to recruit, access, and train airmen on complex aircraft and ground support systems, as well as the MoD budget challenges, which threaten to stop all IqAF progress generated in the accession process. The GoI and the MoD must show a genuine commitment to access additional IqAF personnel, or it is improbable that they will meet critical personnel strength targets in line with their service plan.

A severe shortage of mid-career officers continues to be of special interest. Over 50% of pilots and 30% of ground officers will reach retirement age before 2020, and the few mid-career pilots remaining lack flying experience.

These numbers point to a pending shortage of senior IqAF leaders in ten years. This could have been mitigated by the review and accession of the over 2,400 former Iraqi military members evaluated for return to active duty or retirement, but only 103 were selected for return to the IqAF. Finally, the IqAF must identify mid-career officers with potential to serve in the highest ranks and guide them through rigorous professional military development.

Facilities

On-going projects at Taji, Kirkuk, and New al-Muthanna Air Base will increase training capacity and adequately support the requisite growth in IqAF personnel through the spring of 2010. Over the next four years, the IqAF plans to expand to 11 main operating bases. Current IqAF priorities include moving the IqAF HQ from the IZ to Victory Base Complex, moving training from IMAR and Kirkuk to Tikrit, and moving ISR assets from Basrah to Ali. Coalition turnover of key infrastructure, including aircraft parking ramps, hangars, and dormitories is critical to growth, but the IqAF has limited capability to conduct infrastructure maintenance. Coalition advisors are helping the IqAF fill this capability gap by creating training programs for engineers.

Iraqi Navy

Organization

The IqN headquarters is co-located in the Baghdad MoD building, from where maritime policy and strategic guidance for the IqN is established. To counter 2009 budgetary constraints, the staff has developed a phased approach to deliver capabilities within the projected fiscal limits. Subject to budgetary approval, this strategy would see a contract for patrol boats and offshore support vessels that will result in a phased delivery from 2010 through the beginning of 2012. The HQ focus in 2009 is to improve its staff capability to support the new fleet and prepare the institutional Navy for future growth.

Training

The 80 Coalition trainers, led by a British Royal Navy Captain, continue to provide training for the IqN. On April 30, 2009, the IqN took over the C2 of Point Defense (up to 1,000 meters) for KAAOT. By December 31, 2009, the IqN will have total responsibility for the defense of KAAOT. However, the IqN has much to do to take responsibility for maritime security, and this is one phase of a multi-phased program that will be complete in 2012. The final shipment of 10 eight-meter DEFENDER fast boats was delivered on April 25, 2009. The training has been completed and these additional craft will give Iraq an enhanced boarding and patrol capability in the North Arabian Gulf and allow them to conduct increased patrols of their inland seas. The Iraqi crew of the first of four 55-meter patrol ships is in Italy conducting training in advance of the 5,000-mile passage to Iraq. The vessel is expected to arrive in Umm Qasr in June 2009.

Iraqi naval officers training in the UK are meeting with mixed success. The younger, more junior officers have tended to do relatively well because those courses assume a lower basis of fundamental seamanship knowledge. The more senior officers, on the other hand, have struggled to achieve the required standards, as their courses have assumed a level of capability beyond their expected expertise and competence. This training experience reinforced the requirement for continued IqN training and underscored the need to continue to improve IqN standards, both professional and academic.

Progress has been made in growing and professionalizing the Iraqi Marines this quarter. The force gained 400 basic training graduates. In addition, the training of the Oil Platform Defense and Vessel Board Seize and Search Marine Platoons will be complete this quarter. The training focus for the remainder of 2009 will be on the Versatile Marine Training Program—cross training the 1st and 2nd Iraqi Marine Battalions to provide a more flexible

force. Additionally, U.S. Marines will begin to partner with Iraqi Marines in July 2009.

The Basrah Maritime Academy is now under MoD control, and negotiations have begun between the MoD and MoI to rebuild the faculty and curriculum. The International Maritime Organization has stated that the academy is still accredited, and the IqN aspires to rebuild this facility and resume its position as the single academy in Iraq to train all maritime-related personnel (ports, merchant marine, coastguard, and police). This will re-establish the New Entry Training institution for the IqN and assure the long-term well being of the service.

Materiel

The arrival of the first two patrol ships from Italy by the end of 2009 will establish the first real capability increase for the IqN. Without significant improvement in the HQ command and staff capacity, they will find it increasingly difficult to support their growing fleet.

Personnel

The IqN has approximately 2,000 personnel out of an authorized 3,596, with further Marine recruits expected in the near future to bring the Marines to full strength. Owing to the budgetary constraints, IqN accessions have been put on hold. The IqN estimates that it will not be able to access new Sailors until 2010. Achieving the IqN target of 2,900 personnel by the end of 2010 may not be possible.

Facilities

The final design for the new pier and seawall at Umm Qasr is complete and approved. Construction has started and is on track to complete in November 2009. Resolution of legal difficulties tied to repairing an existing pier and building a repair workshop and ship-lift facility will allow renovation of existing facilities to be complete by July 2009. Construction for Iraqi additional barracks and dining facilities has started. Coalition assistance, in partnership with the Iraqi MoD, is planned to deliver

warehouse facilities, a command headquarters, and an ammunition storage magazine.

2.4 Iraqi National Counter-Terrorism Force

The INCTF is headed by the ministerial-level Counter-Terrorism Bureau (CTB) and includes the CTC and the ISOF Brigade. Under Prime Minister Directive 61, signed in April 2007, the INCTF is independent of both the MoD and MoI. A bill still awaits CoR approval to establish the CTB as a separate ministry, formalizing a ministerial-level position for the CTB Director and a dedicated State budget line. The CoR desire to address the CTB Law and the current situation make the Prime Minister's ability to fund problematic. Implications of these constraints are already being seen in the maintenance and sustainment programs in the CTB.

Organization

The CTB continues to improve coordination with the MoD, MoI, and the Iraqi National Intelligence Service on strategic-level planning, targeting, and intelligence fusion. The proposed CTB Law was approved by the CoM in July 2008 and submitted to the CoR. If the CTB Law is passed, it will provide for a separate ministerial position along with a separate budget. However, in September 2008, the proposal was returned to the CoM to incorporate rule of law provisions, among them that the CTB Director be appointed a special rank with "minister-like powers." There has been resistance in the CoR and from the MoD in granting ministerial-level status to the CTB, and the bill is still pending. The CTB operates by discretionary funding from the Prime Minister. Until the CTB law is passed, the CTB lacks ministerial representation and its own budget, but was granted semi-autonomous budget authority in 2008.

The INCTF continues to rely on MoD support for finance, logistics, medical, aviation, and engineer support and training, as well as salaries. In December 2007, the CTB and MoD concluded a memorandum of agreement for IqAF air support to ISOF operations. The

memorandum of agreement is in effect until the CTB Law is passed but does require MoD and CTB to revisit the memorandum each year to discuss possible updates or changes. The MoD's IqAF provides Mi-17 helicopter, Cessna Caravan, and King Air fixed wing ISR support for ISOF training and operations. Air elements were incorporated for the first time in initial ISOF training in October 2008. In November 2008, the first of two ISOF personnel completed the Iraqi Forward Air Control (FAC) training, and in May 2009, a third member graduated FAC training.

C2 relationships and challenges exist between the MoD, MoI, and CTB. There is no synchronization, deconfliction, or information sharing between the MoD, MoI, and CTB from the strategic to the tactical level. To further complicate matters, resources are limited and competition for those resources is ongoing.

The CTC is the operational headquarters for combating terrorism in Iraq. CTC exercises command and control of ISOF units that execute combat operations. There are now two ISOF Brigades that conduct tactical operations in conjunction with U.S. advisors. The first brigade is composed of five battalions: 1st Battalion (Bn) (Commando); 2nd Bn, which is designated the ICTF; 3rd Bn (Support); 4th Bn (RECCE); and 5th Bn, which conducts the Iraqi Special Warfare Center and School (ISWCS). In 2008, the ISOF Brigade underwent expansion to include four 440-man regional commando battalions which now fall under the new, 2nd brigade: the 6th (Basrah), 7th (Mosul), 8th (Diyala) and 9th (Al Asad). The 6th and 7th Bns achieved full operational capability (FOC) in mid-2008. The 8th Bn is to achieve FOC in July 2009 and the 9th Bn in December 2009. The four regional battalions will be housed on regional commando bases, each of which will also incorporate a regional counter-terrorism center (RCC), a regional reconnaissance team, and a garrison support unit (GSU). These RCCs will have intelligence fusion cells that will be linked to the CTC, but as yet, they have not been integrated into the

MoD and MoI intelligence networks. A separate RCC is also planned for Baghdad. This central RCC will be the focal point for collection, analysis, coordination, and dissemination of counter-terrorism intelligence. Additionally, it will serve as the training center for all RCC personnel.

The Coalition has provided secure communications and information networks for use throughout INCTF. As of March 2009, the CTB has contracted with local Iraqi vendors to provide the necessary enduring communications requirements at the four dispersed Regional Commando Battalions. The INCTF-TT also has Military Training Teams at all three echelons that have 24-hour contact with their Iraqi counterparts.

Both the CTC and the ISOF Brigade have assigned functional IG staff sections, which are led by an IA Major General assigned as the CTB Inspector General. The CTC IG has conducted inspections of more than 95% of INCTF's units, including the RCCs and the detention facility where ISOF transient detainees are held. The IG conducts staff assistance visits and formal inspections, as well as monitoring for human rights violations and internal affairs issues. There is no anti-corruption or internal affairs program specific to the INCTF.

Control measures and oversight provided by the GoI provide checks and balances to prevent INCTF from operating without restraint and pursuing sectarian or political agendas. The INCTF targeting process accepts targets from a variety of sources including strategic, operational, and tactical levels. High-risk targets are brought before the Ministerial Council for National Security and in some cases, depending on time-sensitivity, to the Prime Minister's office. The INCTF will push targets that are not appropriate for the INCTF (low-level henchmen, early warning scouts, other criminals, etc.) to other ministries for prosecution. With this process, no single

ministry can solely execute a target without support or approval from another ministry.

Training

The ISWCS conducts three rotational courses to meet force generation requirements. The first is the three-week Selection Course; the attrition rate for candidates in this rigorous screening course is greater than 40%. The top 10% of graduates are sent to the eight-week Operators Training Course for follow-on assignment to the 2nd Bn (ICTF). The next 20% are earmarked for the six-week Commando Course, and the remainder is assigned to the Support Battalion and the GSU. Most recruits for the Selection Course are nominated by Shi'a, Sunni, and Kurdish tribal leaders from among candidates who have no prior military experience.

The MoD has agreed to provide 1,409 soldiers to the ISOF Selection Course in 2009. These personnel would be sufficient to bring all units to full operational capability by July 2009 and complete force generation. However, the ISWCS has encountered persistent difficulties obtaining support from the MoD for ammunition, equipment, and pay for the trainees, causing courses to be postponed. Failure to resolve the funding issue will have a significant impact on INCTF's sustainment capability. INCTF advisors have made this a priority for resolution in the months ahead.

Materiel

In 2008, the ISOF Brigade, including the ISWCS, relied on the MoD for ammunition and vehicle and weapons spare parts. As of April 2009, the ISOF Brigade had 1,557 vehicles, including 406 High Mobility Multipurpose Wheeled Vehicles (HMMWV), delivered to its units. No additional vehicles of any type are expected to be provided by the U.S. under the Cascade Program, by which U.S. up-armored vehicles are refurbished at Taji National Depot. The ISOF Brigade has received 98% of all ISFF-funded materiel in eight of its nine battalions.

Leadership and Education

In September 2008, INCTF submitted to the MoD a list of college-educated candidates for admission to the four regional military academies to help alleviate a critical officer shortage in the ISOF brigade; the MoD approved seven names. At the direction of the Prime Minister, 10 graduates from each of the four military academies (Rustamiyah, Zahko, Nasiriyah, and Qualachulon) and the staff college at Rustamiyah were to be assigned to the INCTF. To date, the MoD assigned 60 military academy graduates to INCTF and three staff college graduates. INCTF is participating in an International Military Education and Training program for officer development. Currently, NCO training within CTB is accomplished by on-the-job training at the unit level.

Personnel

INCTF is a non-sectarian force, as reflected in its leadership, its personnel, and the methodologies with which it conducts operations. INCTF personnel generally reflect the Shi'a, Sunni, Kurdish, and other minorities' breakdown in the general populace. INCTF's non-sectarian approach is also seen in the internal vetting of personnel in key positions. CTB and CTC are ahead of any other ISF organization with respect to the number of personnel voluntarily screened by U.S. counterintelligence assets. This screening consisted of both interviews and polygraphs to verify background investigation data and is primarily scheduled by the Iraqis with a U.S. liaison officer to act as an intermediary.

The INCTF's manning increased 30% over the last year—CTB is currently manned at 52%, CTC at 48%, and the ISOF Brigade at 67%, as of April 2009. Overall, INCTF is manned at 63%, and all battalions are expected to be steady state by December 2009. Currently, officer manning is at 37%, NCO strength is at 44%, enlisted strength is at 134%, and civilian strength is at 41%. Unit strengths remain low due to the decision in May 2008 to double authorized strength, and it will take several years to achieve the increased manning levels

based on timelines associated with the specialized training requirements for these personnel. INCTF advisors monitor personnel accountability, promotions, and personnel policies of ISOF. This is a command priority that continues to be emphasized at all senior leader engagements. At steady state, the INCTF will consist of more than 8,500 operators, staff, and support personnel, with 5,400 personnel currently assigned.

Facilities

The INCTF leadership for CTB and CTC is housed in two separate compounds in the IZ. The two ISOF Brigades are housed in a base near Baghdad International Airport that includes offices and billeting for the 1st, 2nd, 3rd, 4th, and 5th Battalions, as well as the

GSU. Construction was completed in October 2008 for 12 barracks, a company headquarters, and a maintenance bay. The INCTF expansion plan includes establishing four regional commando bases (RCB) located at Al Asad, Basrah, Diyala, and Mosul to provide force projection throughout Iraq. Each RCB template contains a commando battalion with a platoon-sized reconnaissance unit and a company-sized GSU. The RCB at Mosul was completed in June 2008, and RCB Al Asad was completed in December 2008. The design and construction at RCB Al Asad turned out so well that it is considered one of the premier facilities of its kind in Iraq. The RCB in Diyala is scheduled to be completed in July 2009, and RCB Basrah in December 2009.

Annex A

List of Acronyms and Abbreviations

AAH	Asa'ib Ahl Haqq
AQI	Al Qaeda in Iraq
BCT	Basic Combat Training
BMT	Basic Military Training
Bn	Battalion
BPC	Baghdad Police College
BRT	Basic Recruit Training
BTT	Basic Technical Training
C2	Command and Control
CBI	Central Bank of Iraq
CCCI	Central Criminal Court of Iraq
CLA	Constitutional and Legislative Affairs
CMVPLD	Center for Military Values, Principles, and Leadership Development
COB	Contingency Operating Base
CoI	Commission on Integrity
COIN	Counterinsurgency
COL	Contingency Operating Location
CoM	Council of Ministers
CoR	Council of Representatives
COS	Contingency Operating Site
COSIT	Central Organization for Statistics and Information Technology
CRC	Constitutional Review Committee
CSC	Civil Service Corp
CTB	Counter-Terrorism Bureau
CTC	Counter-Terrorism Command
CTF	Counter-Terrorism Force
DBE	Directorate of Border Enforcement
DBIC	Dialogue on Business and Investment Conference
DCoS	Deputy Chief of Staff
DG	Directors General
DGIS	Directorate General for Intelligence and Security
DIB	Disputed Internal Boundary
DoI	Daughters of Iraq
DoJ	Department of Justice
DTC	Defense Transportation Code
ECP	Entry Control Point
EFP	Explosively-Formed Penetrator
ELT	English Language Training
ePRT	Embedded Provincial Reconstruction Team
ERU	Emergency Response Unit
FAC	Forward Air Control
FMS	Foreign Military Sales
FOC	Full Operational Capability
FPS	Facilities Protection Service
FY	Fiscal Year
GDP	Gross Domestic Product

GE	General Electric
GoI	Government of Iraq
GTR	General Transportation Regiment
GSU	Garrison Support Unit
HJC	Higher Judicial Council
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HoP	Hours of Power
HPA	High-Profile Attack
HQ	Headquarters
HRIMS	Human Resource Information Management System
IA	Iraqi Army
IAOC	Iraqi Air Operations Center
IASSI	Iraqi Army Support and Service Institute
ICI	International Compact with Iraq
ICS	Iraqi Counterinsurgency School
ICTF	Iraqi Counter-Terrorism Force
IDP	Internally Displaced Person
IED	Improvised Explosive Device
IG	Inspector General
IGFC	Iraqi Ground Forces Command
IHEC	Independent High Electoral Commission
IJF	Iraqi Joint Forces
IMAR	Iraqi Military Academy at Rustamiyah
IMF	International Monetary Fund
IMSS	Intelligence and Military Security School
INCTF	Iraqi National Counter-Terrorism Force
IOM	International Organization for Migration
IP	Iraqi Police
IPA	International Police Advisor
IPS	Iraqi Police Service
IqAF	Iraqi Air Force
IqIC	Iraqi Intelligence Community
IqN	Iraqi Navy
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraqi Security Forces Funds
ISI	Islamic State of Iraq
ISOF	Iraqi Special Operations Forces
ISR	Intelligence, Surveillance, and Reconnaissance
ISWCS	Iraqi Special Warfare Center and School
IZ	International Zone
JAM	Jaysh al-Mahdi
JCC	Joint Cooperation Committee
JCC-I/A	Joint Contracting Command – Iraq / Afghanistan
JHQ	Joint Headquarters
JMC	Joint Ministerial Committee
JMOCC	Joint Military Operations Coordination Committee
JOC	Joint Operations Center
JRN	Jaysh Rijal al-Tariq al-Naqshabandi

JSC	Joint Sub-Committee
KAAOT	Khor Al-Amaya Oil Terminals
KAC	Karbala Area Command
KGK	Kongra Gel
KH	Kata'ib Hizbollah
KRG	Kurdistan Regional Government
mbpd	Million Barrels Per Day
MCTF	Major Crimes Task Force
MeK	Mujahedin-e Khalq
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MoA	Ministry of Agriculture
MoD	Ministry of Defense
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoO	Ministry of Oil
MoP	Ministry of Planning
MOSQ	Military Occupational Skills Qualification
MOU	Memorandum of Understanding
MTDC	Ministerial Training and Development Center
MTOE	Modified Table of Organization and Equipment
MTR	Motor Transport Regiment
MW	Megawatts
MWH	Megawatt Hours
NCC	National Command Center
NCO	Non-Commissioned Officer
NCOES	Non-Commissioned Officer Education System
NIIA	National Information and Investigation Agency
NP	National Police
NRC	National Reconciliation Committee
NTM-I	NATO Training Mission-Iraq
O&M	Operations and Management
OP	Oil Police
OPC	Oil Pipeline Company
OTA	Office of the Transportation Attaché
P&B	Programs and Budget
PBIED	Person-Borne Improvised Explosive Device
PDB	Promised Day Brigade
PDOP	Provincial Director of Police
PEL	Provincial Elections Law
PEZ	Pipeline Exclusion Zone
PFMAG	Public Finance Management Action Group
PIC	Provincial Iraqi Control
PJCC	Provincial Joint Coordination Center
PMNOC	Prime Minister's National Operations Center
PoE	Ports of Entry

PoED	PoE Directorate
PPL	Provincial Powers Law
PRT	Provincial Reconstruction Team
PTT	Police Training Team
RAC	Rusafa Area Command
RCB	Regional Commando Bases
RCC	Regional Counter-Terrorism Centers
RoLC	Rule of Law Complex
RTC	Regional Training Center
SA	Security Agreement
SAO	Security Assistance Office
SBA	Stand-By Arrangement
SFA	Strategic Framework Agreement
SG	Special Groups
SINCGARS	Single Channel Ground and Airborne Radio Systems
SoI	Sons of Iraq
SVBIED	Suicide Vehicle-Borne Improvised Explosive Device
SWAT	Special Weapons and Tactics
TFBSO	Task Force to Improve Business and Stability Operations-Iraq
TNR	Transition and Reintegration
TQI	Training Qualification Institute
UAE	United Arab Emirates
UNAMI	United Nations Assistance Mission for Iraq
UNHCR	United Nations High Commissioner for Refugees
UNSCR	UN Security Council Resolution
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USF	Unit Set Fielding
USG	U.S. Government
VBIED	Vehicle-borne Improvised Explosive Devices
WG	Working Group

¹ This report was previously submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289, as amended.

² The data cutoff date for this report, unless otherwise stated, is May 15, 2009.

³ Order 101 affirms the right of displaced homeowners to their property. Decree 262 authorizes a one-time grant to returnees who have de-registered as IDPs or refugees. It also authorizes a six-month rental subsidy for squatter families with no property of their own displaced by returning homeowners. This only applies in Baghdad, and implementation has been limited.

⁴ Core inflation excludes fuel, electricity, transportation, and communications prices.

⁵ “Comprehensive Food Security and Vulnerability Analysis In Iraq”, United Nations World Food Programme, 2008.

⁶ *Inma* translates as “growth” in Arabic.

⁷ Nationwide Survey, April 2009. For security reasons, to protect the integrity of the data and the anonymity of the individuals involved with the polling data and their association with the U.S. Government, the survey questions and supporting data can be found in the classified annex to this report. This note applies to footnotes 7 through 29.

⁸ Nationwide Survey, April 2009.

⁹ Nationwide Survey, April 2009.

¹⁰ Nationwide Survey, April 2009.

¹¹ Nationwide Survey April 2009.

¹² Nationwide Survey, April 2009.

¹³ Nationwide Survey, April 2009.

¹⁴ Nationwide Survey, April 2009.

¹⁵ Nationwide Survey, April 2009.

¹⁶ Nationwide Survey, April 2009.

¹⁷ Nationwide Survey, April 2009.

¹⁸ Nationwide Survey, April 2009.

¹⁹ Nationwide Survey, April 2009.

²⁰ Nationwide Survey, April 2009.

²¹ Nationwide Survey, April 2009.

²² Nationwide Survey, April 2009.

²³ Nationwide Survey, April 2009.

²⁴ Nationwide Survey, April 2009.

²⁵ Nationwide Survey, April 2009.

²⁶ Nationwide Survey, April 2009.

²⁷ Nationwide Survey, April 2009.

²⁸ Nationwide Survey, April 2009.

²⁹ Nationwide Survey, April 2009.

³⁰ DoD previously reported on the number of Iraqi Security Forces personnel authorized and assigned by the Ministries of Defense and Interior and trained with the assistance of Coalition forces. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex because specific military personnel strength for a sovereign nation is considered sensitive.

³¹ Four separate studies informed these Iraqi force end strength estimates. The first was the May 2007 MNSTC-I In-stride Assessment of growth required in 2008 to protect the population, overmatch the insurgent and terrorist threat, provide the depth necessary to deploy forces across the country, and implement an annual retraining and reconstitution program. The second was Iraqi Military Service plans focused on the 2010-2015 period, and MoI Plan that addressed near-term police force growth. The third was a Multi-National Corps – Iraq assessment of the Iraqi Army’s required enduring posture by 2010. The fourth was a MNSTC-I directed, MNF-I sponsored Iraqi force analysis conducted by the Center for Army Analysis. The primary objective of this assessment was to determine if the projected, near-term (2010) Iraqi forces were capable of overmatching the anticipated threat. The assessment concluded that the ISF was incapable of overmatching the threat and recommended additional force structure growth and development of specific capabilities.

³² DoD previously reported on readiness posture of Iraqi Security Forces with accompanying charts. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex because military operational readiness for a sovereign nation is considered sensitive.

³³ The significance of this assessment is an indication of NP ability to lead operations, allowing a responsible withdrawal of Coalition forces.

³⁴ This paragraph is pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417.

³⁵ Baghdad: 80, Babil: 10, Wasit: 10, Qadisiyah: 11, Maysan: 7, Diyala: 18, Kirkuk: 7, Ninewa: 33, Salah ad Din: 23, Anbar: 22, Dhi Qar: 3, Basrah: 25.

³⁶ The Warrior Training Program rotates battalions through four-week long collective training cycles focused on platoon and company level skills, staff leader training, and battalion collective training.

³⁷ The current IqAF fleet consists of 38 fixed-wing aircraft and 53 rotary-wing aircraft (17 Mi-17, 16 UH-1, 10 Bell Jet Ranger, 10 OH-58C, 3 C-130E, 6 King Air 350 ISR/LTA, 12 C-172 Cessna, 5 TC-208 Caravan, 3 ISR Caravans, 1 AC-208, and 8 CH-2000.)